

EVALUATION OF THE COAST GUARD
SUBHEAD 30.00 PROGRAM AS A RESOURCE
MANAGEMENT SYSTEM AT THE SMALL UNIT

Brian C Sonner

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SUBHEAD 30.00 PROGRAM AS A RESOURCE
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by

Brian C Sonner

December 1974

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Evaluation of the Coast Guard
Subhead 30.00 Program as a Resource
Management System at the Small Unit

by

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Lieutenant, United States Coast Guard
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Submitted in partial fulfillment of the
requirements for the degree of

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December 1974

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I. INTRODUCTION

A. RESEARCH OBJECTIVES

The purpose of this research is to determine whether the Coast Guard Subhead 30 financial management program is an effective resource management program at the small unit level. Subhead 30 is a program designed to place operating expense funding at the level of effective decision making. The lowest level formally receiving Subhead 30 funding is the operating unit. This program was placed in operation in 1970 and was quite a departure from the tight district-level control of funds previously in existence.

In order to develop a measure of effectiveness of resource management at the small unit, the author will begin by outlining the process of obtaining and justifying resources at the Headquarters level, then at the district level and finally at the unit level. During this process the author will outline the design of Subhead 30 as described by Headquarters and will then compare this to district level interpretation and implementation. Once funds are received at the unit, the first question is: Are the funding targets an effective form of fund management? The next issue of concern is: How are the funds in these targets spent, and what is the priority system used in spending them? Further, does discretion really exist; or are unit commanders obligating funds which are already committed by the mere existence of the unit? If

there is discretionary spending, are unit commanders capable of making and are they actually making effective resource allocation decisions?

The primary research question is: Does the Subhead 30 program as currently implemented in the Coast Guard encourage effective resource management at the unit level?

B. SCOPE OF RESEARCH AND GENERAL METHODOLOGY

The author originally intended to present a specific outline defining how Subhead 30 was interpreted and implemented at the Headquarters, district and unit levels. However, research proved this to be an impossibility. The initial directives published by Headquarters were general in nature, and district interpretation and implementation were varied. Unit involvement in the program and unit commander understanding of the program are a function of the district program. The author, therefore, will select several topics at each level of responsibility and discuss the range of interpretation, possible assumptions resulting from the interpretation and the impact on unit operations which might result.

The author utilized several forms of methodology in researching this subject. These included a literature search of Coast Guard directives, interviews with district and unit personnel and development of a model instruction for analysis of spending and budget preparation at the unit level. Directives were gathered from Headquarters and all Coast Guard districts. These included implementing instructions and OPLANs. District staff members were interviewed in five

selected districts. Twenty-one units in two districts were visited and unit commanders, interviewed. Spending and budget analysis by units in a district were researched at ten units in one district. It was the intent of the author that the analysis model could serve as a guide for service-wide determination of unit spending and budget procedures.

The subject researched in this thesis was suggested by Coast Guard Headquarters. It was their desire that research be conducted on the subject from a local unit and district point of view. The thrust of this thesis is from the unit point of view. By necessity, this approach required analysis of the district's attitude and program.

II. THE COAST GUARD BUDGET CYCLE

A. CONGRESSIONAL BUDGET

The United States Coast Guard uses a planning, programming and budgeting system for the development of budget requests. These requests are forwarded via the Department of Transportation and the President to Congress. The Commandant of the Coast Guard is responsible for developing broad objectives and, later, programs responsive to statutory and executive direction. Budget requests must be developed to provide the necessary resources to support these programs.

The initial development of objectives is found in the Long Range View (Commandant Notice, 5000). This document is published annually and is intended to provide a common foundation upon which to base planning and program development. This broad statement is a projection of where the Coast Guard intends to be in ten years. Reference 4 indicates that it contains objectives, policies and a projection of the future marine environment. (Figure 1 illustrates the timing of the document in the budget cycle.)

The next step in the progression toward the budget is the Program Plan Summary. When approved, the Program Plan Summary will serve as a guide for budget actions. This document has three basic sections and according to Ref. 4 is developed for each of the program areas listed below:

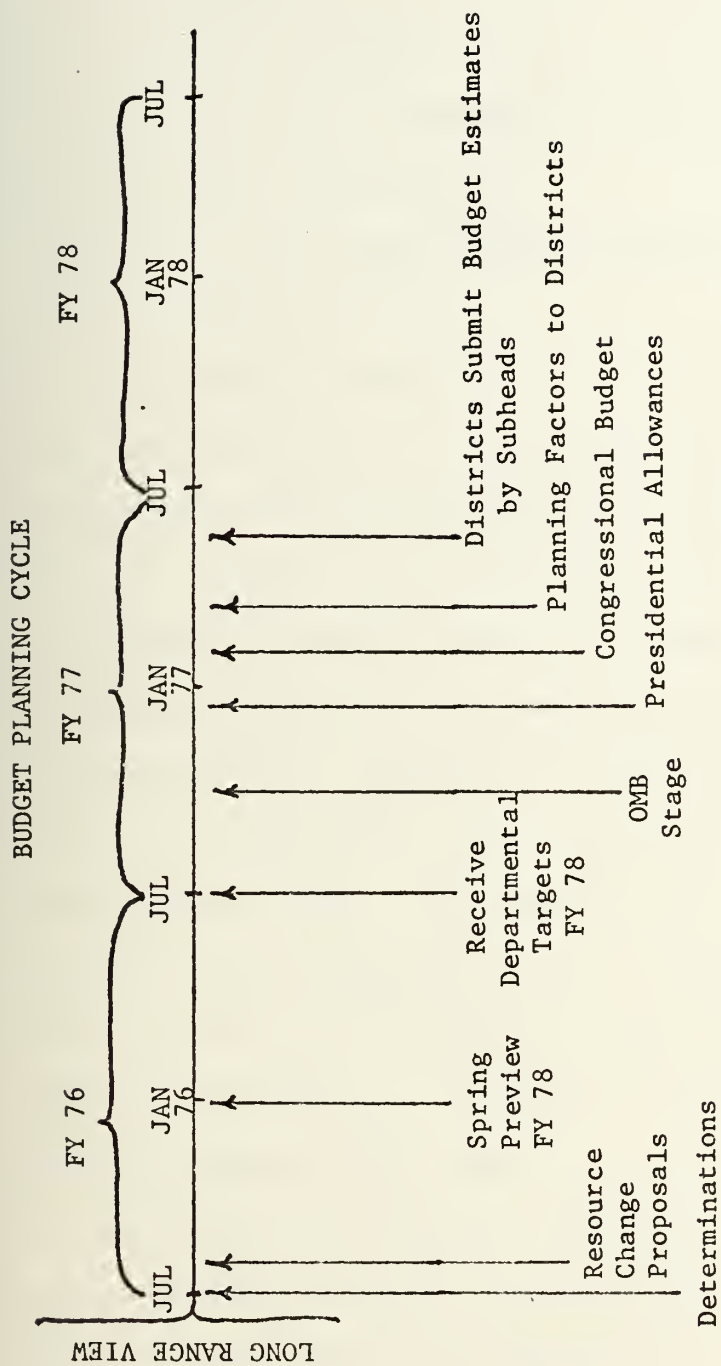


FIGURE 1

- 1) Search and Rescue
- 2) Aids to Navigation
- 3) Bridges
- 4) Marine Safety
- 5) Marine Environmental Protection
- 6) Ocean Operations
- 7) Military Readiness and Operations
- 8) Reserve Training
- 9) General Support

The first section of the Program Plan Summary outlines how that particular program supports the stated objectives and policies found in the Long Range View. The second section is a detailed summary of the program plans as they relate to the stated objectives. Sub-objectives are established here and general time frames are associated with these sub-objectives. At this point, implementation steps and support needs are outlined. The third section is an easy-to-read summary relating program plans to objectives for the following ten years. It should be noted that Program Plan Summaries are submitted for both operational programs and general support programs [Ref. 4].

Following the Program Plan Summary, the next stage is the development of the Determinations. This is a document submitted annually in November and is the first step in the programming cycle associating planning and budgeting. The period covered is the second fiscal year (FY) following the current year. (The Determinations submitted November 1975

{FY 1976} is for FY 1978.) During the process of development of the Determinations, there is a careful delineation, by means of review and rereview at all levels at headquarters of the problems and goals to be attacked during the specified future year. The final output of this process states: (1) premises used, (2) problems that warrant budgetary emphasis, (3) milestones that warrant budgetary emphasis, (4) unresolved matters warranting further effort and (5) the effect of a 5% dollar reduction. There is a separate Determination for each program.

With the common agreement of program goals found in the Determinations, the next step is the resource allocation process necessary to accomplish these goals. The Resource Change Proposal is the vehicle for assigning resources to programs. The Resource Change Proposal must cover a five year period beginning with the budget year and extending four years into the future. (The budget year is the fiscal year for which the President's Budget is about to be submitted to Congress.) This document is used to analyze problems and solutions, identify criteria for change, request a resource increase, reflect a decrease in resources required for a program or request a shift of resources from one program to another. Its basic use is in analyzing requests for resources, projecting programming needs and developing priority lists. Additionally, since it is a request for resource change, it is useful in development of the budget impact of such a change and insuring that necessary

support programs are developed to coincide with changes.

The Resource Change Proposal is submitted shortly after the final Determinations is published and becomes the implementation proposal to bring existing programs into line with long range objectives.

Acceptance of Resource Change Proposals marks the beginning of the development of the Spring Preview. This is a set of formalized program proposals which are forwarded to the Department of Transportation for review. Hearings are held and, as a result, the Department will return recommended budget targets to the Coast Guard for use in development of the Office of Management and Budget Stage Budget. These budget targets are based on Office of Management and Budget inputs to the Department and Department of Transportation delineation of major program emphasis.

The Office of Management and Budget Stage Budget marks the beginning of active participation of Coast Guard budget personnel in the planning, programming and budgeting cycle. This is only ten months prior to the beginning of the budget year. This stage is a translation from program proposal format to the budget format. The program proposals are reviewed; hearings are held at the Office of Management and Budget; and finally the Coast Guard/Department of Transportation budget is included in the Total Budget of the United States. Ceilings are established for each agency and returned to the Department of Transportation in the form of Presidential Allowances.

Upon receipt of the Presidential Allowances, the cutoffs on program priority lists are established, reviewed and approved. Aside from minor clerical corrections, the translation of these into budget schedules, personnel tables, and program and performance statements becomes the Congressional Budget. This congressional stage budget document will be submitted about February preceding the Budget Year. There are seven appropriation categories presented to Congress:

1. Operating Expenses
2. Reserve Training
3. Acquisition, Construction and Improvement
4. Research, Development, Test and Evaluation
5. Retired Pay
6. Alteration of Bridges
7. State Boating Safety Assistance.

After the Authorization and Appropriations Bills have passed, the Coast Guard begins the Operation Stage of the budget cycle. This includes (1) revision of the various supporting plans, (2) apportionment of available funds by quarters, (3) annual allotment of funds to districts and headquarters units, and (4) execution of approved plans. Since final appropriations approval does not generally precede the beginning of the fiscal year, this stage actually begins in May based on the best available estimate of how much money and which programs will be finally approved (usually based on House of Representatives' Subcommittee published report on budget requests) [Ref. 3]. The programs

within the various appropriations categories are trimmed to the above stated estimates. They are of course, revised if necessary upon final approval of appropriations.

B. OPERATING BUDGET

At this point the process appears to be complete. Objectives have been formulated and translated into short term goals. Programs have been planned to accomplish these, and appropriations have been made available to the Coast Guard to carry out these programs. How does the Coast Guard go about, internally, distributing funds in a manner to carry out these programs in an efficient manner? For purposes of this thesis, the author will deal only with the appropriations category of Operating Expense. As the thesis progresses, further subclassification of these funds will be made until the funds dealt with are only those funds controlled by the operating unit.

Coast Guard Headquarters has a need to translate the Coast Guard program into district programs. Headquarters also needs to translate the Coast Guard operating budget into district operating budgets. The budget conversion process begins shortly after Headquarters submits the proposed budget to Congress. The Commandant transmits Planning Factors to the districts on 15 March. These are used in the preparation of district budgets for the upcoming budget year. Planning Factors take the form of a series of schedules describing the changes in resources necessary in a particular district to implement the approved Resource Change Proposals.

District budgets are formulated in a Subhead Summary format and rounded to the nearest thousand dollars.

It may be helpful at this point to describe some of the levels of fund classification used by the Coast Guard and how they fit into the budget preparation system (see Figure 2). For example, under the appropriation category of Operating Expenses there is a system of accounts and subaccounts used for collecting detailed cost information. Below the appropriations level the first account is called a subhead. Subheads group types of expenditures and cut across program lines. Within each subhead there is a further subclassification into point accounts. Finally these point accounts can be further subdivided into expense categories. Although Operating Expense funds are justified to Congress on the basis of programs, they are apportioned and accounted for on the basis of subheads within the Coast Guard.

Once the district budgets have been prepared, they are transmitted to Headquarters (about 1 May) for approval, revision and apportionment. As is true in Headquarters, the approved district budget delineates the total quarterly apportionments for the year by appropriation, subhead and project. Although these were based on the budget process and reflect approved priority programs, deviations from the approved budget may occur among subheads and projects or among quarterly apportionments as long as the total apportioned funds within an appropriation are not exceeded.

Deviation from approved budgets in the current year is accomplished by reprogramming funds within an appropriation. The reprogramming process can be accomplished either at the headquarters or district levels through a process of review of programs and resources. Circumstances may arise which might make it necessary to terminate or reduce in scope an existing mission or program. Termination or major reduction of approved programs requires notification of the Department of Transportation and appropriate Congressional Committees. However, according to Ref. 4 the ability to make transfers of funds among subheads both at the headquarters and district levels is an important ability and allows certain flexibility to respond to current changes in priority at both levels.

C. NATURE OF BUDGET REQUESTS (COST-TYPE BUDGET)

The Office of Management and Budget requires the Coast Guard to utilize a cost-type budget for justification of appropriation requests. This justification is provided in the form of anticipated changes in the level of costs from the prior year to the budget year in question. Congress deals with changes in obligational authority. Since both the Office of Management and Budget and Congress require justification of new appropriations by analyzing changes from prior appropriations, some form of cost-type budget is necessary to develop an increment in appropriation level. This cost-type budget can either be developed by the bottom-up approach or by starting at the top and plugging in suitable

resource requirement figures to arrive at the eventual request level.

To estimate the costs of operations, the Coast Guard uses annually published operating costs of Coast Guard units and a series of standard cost schedules. The operating costs are developed by associating actual obligations of funds with operating units. These funds are categorized by the previously mentioned system of expense categories and are associated with the unit by a system of operating facility numbers. Such costs as personnel costs are associated with units by means of standard costs based on approved billet levels. Other personnel costs for those persons not at operating units are charged either to service wide programs or to overhead. Office of Management and Budget instructions preclude any agency from estimating inflation in its budget year costs.

It is necessary at this point to explain the relationships among costs, obligations and expenses. Generally, costs in the budget process are measured in terms of obligations. Obligation of funds is the legal commitment of funds resulting from actions such as issuing purchase orders, signing contracts, etc. For budgetary purposes it would be better to use a term different from cost in developing total funding requirements. Expense might be an appropriate term and could be defined as the value in dollars of materials, services and other resources used during a specific period to carry out the unit's mission. Under a system using costs

defined by obligations it would be possible, for example, to draw down inventories of spare parts during a period without obligating funds for replacement. This act would not show as a period cost of operation if costs are simply a recapitulation of subheads or point accounts. Under existing procedures these non-cost reductions of inventories are requested in the budget as a Change in Selected Resources. However, there is presently no method of measuring these reductions of inventory (spare parts) at the unit level. (This issue will be discussed later as it applies to the small unit.) Using an expense concept provides a better indication of the funding level required for continued operation of units.

Implicit in this form of cost-type budgeting are three assumptions which are creating problems in determining the actual needs for funding at the small unit level:

- 1) Historical costs as defined by obligations are accurate and include all of the expenses of operation.

- 2) The historical costs as defined by past obligations at the small unit have been adequate to operate the facility.

- 3) The inflationary problems experienced in recent years do not exist at the unit level.

III. SUBHEAD 30 FINANCIAL MANAGEMENT AND ACCOUNTING SYSTEM

A. SYSTEM PRIOR TO FISCAL YEAR 1970

Prior to 1970, districts received their approved budgets from Headquarters in the same format as they have subsequent to that time, with one exception. Before 1970, there was no Subhead 30. As is the case currently, each subhead had a district staff component designated as the subhead manager. For example, district civil engineering managed the Subhead 43 (shore station maintenance) funds for the district. If a shore unit wanted materials for housekeeping or minor repairs, a request was forwarded to district civil engineering for approval and funding. If that same unit wished funds to effect minor repairs on its small boats, a similar request went to district naval engineering for funding from Subhead 45 (boat maintenance). These funds similarly funded major repairs and generally supported operating units.

In districts with industrial base capabilities the work accomplished was done through work orders written by these staff components. Not only were specific work orders written to accomplish particular unit needs but continuing work orders were written to accomplish repair and overhaul of station roofs, boat engines and other work projects within the capability of the industrial facility. Priority ranking and approval of work to be accomplished in this manner was similarly established by district engineering staffs.

During the on-going process of operating within this framework the decision making process was carried out at the district level. The unit commander could simply make his desires known and then allow the engineering staff to establish the priorities. The impact of this process on the district engineering staff was to load it down with reams of requests for paint brushes, cleansing powder, oil filters, etc. Determining a unit's needs or how these requests for procurement fit into such things as preventive maintenance programs and basic housekeeping requirements became, in practice, a matter of how much units were given in the past for the same items. Through the years, the engineering staffs developed a feel for the requirements of field units and could predict quite accurately the funding level of the annual requests of district units.

This system was really management of field units at the district level and did not allow engineering staff members adequate time to deal with purely engineering matters. In 1967, the Coast Guard underwent a general reorganization and shifted to a mission-program organizational framework. With this change came a realignment of facility responsibility along mission lines. District staff components were tasked with mission responsibility, and they became, simultaneously, responsible for all units tasked with that mission. For example, the operations staff was designated a program manager and assumed responsibility for all field units involved in search and rescue, aids to navigation, boating safety and

oceanography. The engineering staff was tasked with general engineering support. It was designated a support manager. No longer were the engineers responsible for the management of operating units; yet, at this point, they maintained control of the funding.

B. THE CHANGE TO SUBHEAD 30

During this 1967-1970 period of transition the General Accounting Office made the following recommendations found in Ref. 7:

- (1) . . . establish internal cost-based operating budgets for use in the financial management of its programs;
- (2) that such budgets be complemented by a more refined cost accounting system which provides more meaningful classification of costs based on resource consumption and costs applied;
- (3) and that the Coast Guard place more emphasis on the establishment of accounting control over non-expendable plant property.

In moving toward these goals the Coast Guard decided that greater participation of the program managers at the district level was needed in budgeting and fund management. It was also felt that the Commanding Officer/Officer in Charge of an operating unit was in the best position to establish priorities for spending in order to accomplish the missions assigned by the program manager. To this end it was necessary to place funds in the hands of the unit commander and to reduce the number of subheads managed by Commanding Officers/Officers in Charge to a single subhead designed for the general operation and maintenance of the unit.

The impact of this action was a reduction of the fund management workload at the engineering staff level. Its function at this point was to be a support manager. The engineering staff was to assist the operations staff with expert advice on engineering matters.

1. Effects of the Change to Subhead 30

The change to this new budgeting and fund management program required (1) redefinition of subhead funding responsibility, (2) development of a Planned Obligation Program, (3) establishment of Cost Targets for operating units and (4) development of a contingency fund and unit financial plan.

a. Redefinition of Subheads

With the creation of a new subhead which was to fund items previously funded from existing subheads, a new set of definitions was necessary. (For purposes of this thesis only Subheads 43 and 45 will be discussed as examples of the change.)

Subhead 43 had previously funded the general operation and maintenance requirements of shore facilities. This included all housekeeping and routine repairs, as well as major repair and modifications of the facilities. Reference 7 redefined the subhead to include funding responsibility for:

. . . alterations, improvements, and repairs to shore structures and facilities including restoration of casualty and storm damage; installation of medical, dental, and ordnance equipment at shore units; procurement of vehicles and equipment used

for operation or maintenance or structures including generators, compressors, lathes, concrete mixers, bulldozers, truck cranes, materials handling and construction equipment, boat carriages, furniture and fixtures, office equipment, and other shore unit allowance equipment; and procurement of loran and radiobeacon transmitting antenna towers and their ground systems.

Subhead 45 had previously funded the general operational and maintenance requirements of cutters, house boats, small boats attached to shore facilities, etc. This included routine repairs and spare parts as well as major overhaul and casualty damage. Reference 7 redefined Subhead 45 to include funding responsibility for:

. . . periodic and unusual overhauls, modifications and alterations of cutters, barges, house boats, floating dry docks, and boats attached to cutters and shore units, including restoration of casualty and storm damage; repairs to Auxiliary vessels and boats damaged while operating under Coast Guard orders; procurements of boats, barges and amphibious craft; procurements of cutters maintenance equipment, accessories and components for stocking in HQCM (Headquarters Control Material -- This is an inventory of high cost spare parts for major cutters.) Inventory; and travel of vessel personnel during periods of shipyard availabilities in excess of 30 days.

It becomes obvious that these changes in subhead funding responsibility follow a pattern. All of the responsibility for housekeeping, routine repairs and other normal maintenance funding support is removed from their definitions. This type of support for field units is combined into one subhead - Subhead 30. Subhead 30 then becomes the funding reservoir for all ordinary, normal and continuing operating and maintenance costs for each unit, other than personnel costs.

b. The Planned Obligation Program

The redefinition of Subhead 43 and 45 responsibility also redefined the nature of subhead management by staffs responsible for these funds. District engineering staffs were directed by Ref. 7 to coordinate with program managers the use of subhead funds. The priorities established by program managers were to be used in determining the hierarchy for accomplishing extraordinary repairs, overhauls, modifications and improvements of operating facilities. Although not directly stating it, directives implied that Subhead 43 and 45 funds should be directly associated with a costed list of projects based on priorities established by the program managers. Further, if this list of projects was funded in the budget process, these specific projects would be accomplished unless a new, higher priority project developed.

c. Unit Cost Targets

Control of the total Subhead 30 funds required to operate and maintain field units in a district stems from the district commander and, in turn, from the program manager assigned responsibility for the mission of those units. During the transition to Subhead 30, careful attention was given to determine the amount of funding support previously given specific units from the various subheads. These funds were analyzed for each unit and were categorized to identify which support could be defined as Subhead 30. These funds were then reprogrammed from the other subheads to Subhead 30

and associated with the individual units. This historical analysis of spending became the base of unit targets. Headquarters indicated that other issues should be taken into account in determining unit Subhead 30 funding levels. These included repair projects backlog, shore station maintenance projects, inspection reports, etc.

All of these factors were to be taken into consideration in developing the unit's Operating Cost Target. This target is really a budgetary forecast of ordinary and normal operating and maintenance costs expected to be required by an operating unit during a budget year. This target is to cover costs which are controllable by the unit and are within the unit's obligational authority.

The concept of controllable and uncontrollable costs is an important one. Controllable funds at the units are defined as those Subhead 30 costs over which the unit has discretion and direct control. Funds for other Subhead 30 costs over which the unit has little discretion or control are held at the district and are designated district controlled costs. Reference 7 lists nine general categories of such district-controlled costs, including fuel for cutters, vehicle rentals, and utilities. The general rationale for this distinction is that better resource allocation will result from placing spending authority at whatever level discretion and control is found. This classification should also remove from the unit's concern the effect of changes in service support costs, such as increased utility and fuel costs, over which the unit has no control.

d. District Contingency Fund and Unit Financial Plan

Reference 6 indicates that no reserve or contingency funds will be maintained at Headquarters. It, therefore, becomes the responsibility of districts to establish a Subhead 30 contingency fund, if they desire, and use this contingency when unit targets need to be supplemented. There also exists the alternative of reprogramming other district subhead funds into Subhead 30.

Once the unit cost targets have been established they are transmitted to the unit commander for approval. (The entire process will be outlined in detail later in this chapter.) His function at this point is to analyze this in light of his anticipated needs and to request additional funding if necessary.

C. PROCEDURE OF UNIT SUBHEAD 30 BUDGET PREPARATION

The unit budget process begins around 15 January, when district program managers transmit to district support managers any anticipated changes in unit operations. (See Figure 3 for timing information.) The support managers are to estimate the dollar impact of these changes and forward these figures to the district comptroller by 30 January.

The district comptroller's function is that of a Subhead 30 coordinator. He is to maintain a system of accounts to keep track of appropriations and costs (obligations). He is responsible for recommending targets and, with the concurrence of program and support managers, establishing and furnishing targets to units.

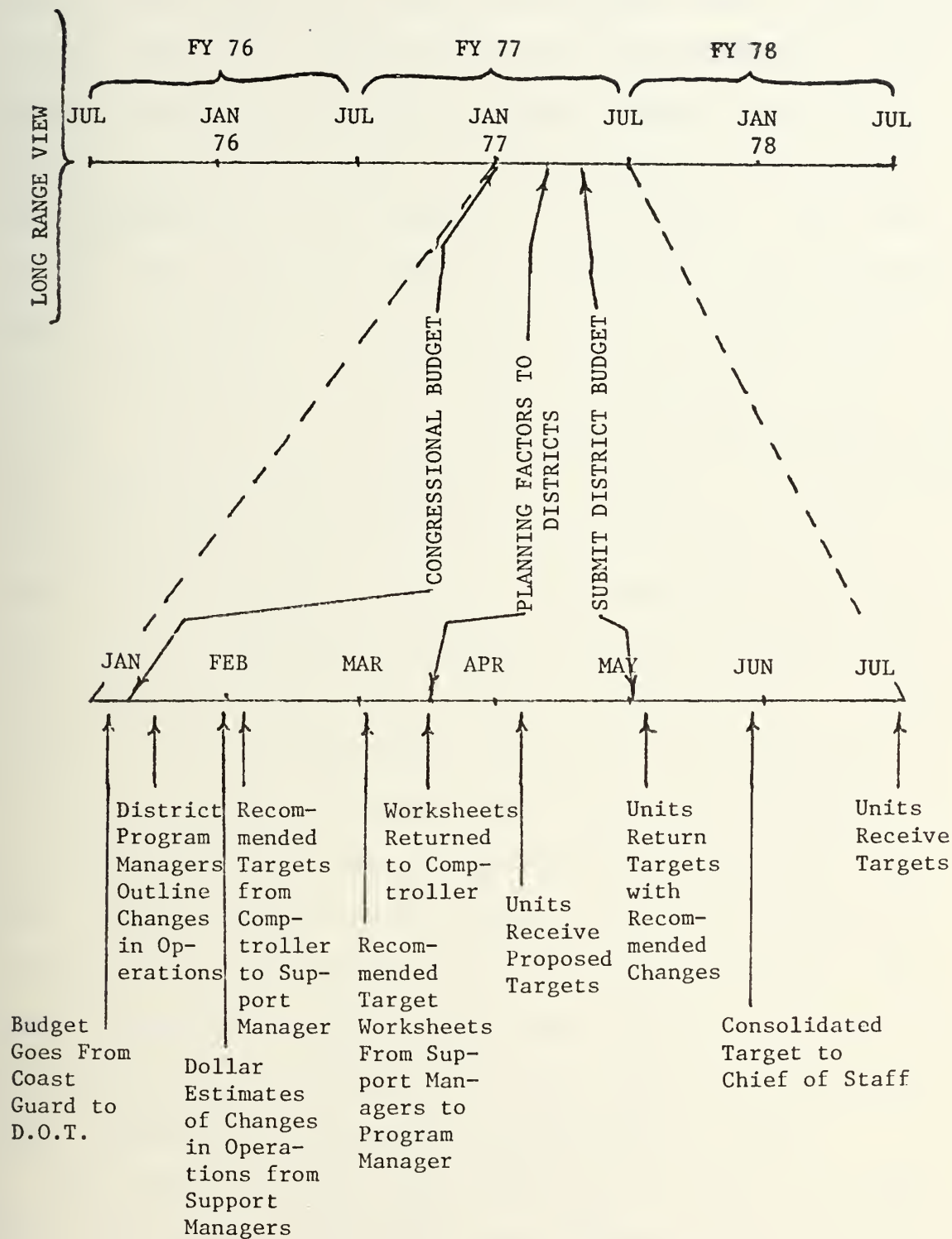


FIGURE 3

The comptroller prepares worksheets (see Figure 4) with recommended targets for units and forwards these to the program manager (by 5 February) via the support manager. This document should arrive at the program manager level by 5 March. The program manager reviews, approves, and returns these worksheets to the comptroller by 15 March. The comptroller takes these worksheets and distributes this information in a different format to the units (see Figure 5) by 5 April. This is the first time the unit commander enters the picture. He now is given the discretion of distributing his unit target among the quarters as he sees fit. It should be noted that, when he receives this worksheet, the target is subdivided by expense category. This subdivision is to assist the unit commander in seeing where, historically, his unit funds have been spent. He has the authority to redistribute his funds among these categories as he desires.

Should the unit commander feel additional funding is necessary, he must at this point make his needs known. He must furnish adequate justification, including a priority list of maintenance projects with an indication of the impact of failure to receive additional funding. This must be accomplished and the worksheets, with supporting justification, returned to the district comptroller by 5 May.

The comptroller will consolidate all of the unit worksheets and proposals and will then forward them by 20 May to the support and program managers for review and approval or counter proposal. Finally the chief of staff, as the subhead

DESCRIPTION EXPENSE CATEGORY AND OBJECT ACCOUNTS	COSTS LAST FISCAL YEAR AVAILABLE FY- 1971	TARGET LAST YEAR FY 1971	COSTS INCURRED FROM <u>7/1 1971</u> <u>12/31 1971</u>	CURRENT YEAR TARGET FY 1972	PROPOSED TARGET FY 1973	REMARKS
(1)	(2)	(3)	(4)	(5)	(6)	(7)
PART I UNIT CONTROLLED						
Electronic Maintenance 2542, 2642, 2658, 3142	1,250.	1,200.	600.	1,300.	1,350.	
Boat Maintenance 2545, 2645	1,100.	1,000.	400.	900.	850.	
Shore Unit Maintenance ..2544, 2644, 3144	2,000.	2,100.	1,100.	2,000.	2,000.	
Housekeeping Expense 2634	600.	500.	300.	600.	600.	
TOTAL UNIT CONTROLLED	6,000.	5,900.	2,900.	6,100.	6,200.	

APPROVED BY

(Support Manager)

APPROVED BY

(Program Manager)

PREPARED BY

(Comptroller)

FIGURE 4

DESCRIPTION EXPENSE CATEGORY AND OBJECT ACCOUNTS	CURRENT YEAR TARGET FY 1972	PROPOSED NEW YEAR TARGET FY 1973	UNIT TARGET REQUEST {OBL. AUTH.}				REMARKS
			1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
PART I UNIT CONTROLLED							
Electronic Maintenance 2542, 2642, 2658, 3142	1,300.	1,350.	350.	350.	350.	300.	
Boat Maintenance - 2545, 2645	900.	850.	200.	200.	250.	200.	
Shore Unit Maintenance 2544, 2644, 3144	2,000.	2,000.	400.	400.	600.	600.	
Housekeeping Expense 2634	600.	600.	150.	150.	150.	150.	
TOTAL UNIT CONTROLLED	6,100.	6,200.	1,600.	1,500.	1,700.	1,400.	
DISTRICT COMPTROLLER COMPLETES AFTER APPROVAL BY SUPPORT AND PROGRAM MANAGER'S.			UNIT DISTRIBUTES AMOUNTS OF OBLIGATION AUTHORITY BY QUARTER.				
			NOTE: SUM OF COLUMNS (4) THRU (7) MUST EQUAL COLUMN (3).				

PREPARED BY _____ (Comptroller)
 COMPLETED BY _____ (Unit Commanding Officer)
 Amount of Target and Quarterly Allocation Amounts Approved
 _____ (Support Manager) _____ (Program Manager) _____ (Chief of Staff)

FIGURE 5

manager and representative of the district commander, renders a decision and approves the consolidated Subhead 30 Budget. This process should yield final target figures to the unit by the beginning of the fiscal year.

D. UNIT REQUESTS FOR ADDITIONAL FUNDING AFTER BEGINNING OF THE FISCAL YEAR

Once into the fiscal year, should circumstances require additional funding at the unit level, Ref. 6 provided general guidelines for requesting those funds. The request should include justification by indicating the nature of the unforeseen circumstances causing the need for an increase. Extraordinary needs will be acted upon during the current quarter; however, added expenses directly attributable to unforeseen operations will be considered for implementation only in following quarters. Although this is the stated policy, interim increases may be granted for the latter case.

An important issue is who will approve or disapprove these requests for additional funding. Reference 6 indicates extraordinary items are generally approved by program managers with concurrence of the support manager. For the request resulting from changes in level of operations, the subhead manager (chief of staff) should delegate authority to approve or disapprove interim increases. The level of delegation is not specified. When the level-of-operation type of request is submitted for subsequent quarters, the approval is staffed up to the subhead manager.

Once again the role of the district comptroller is that of a coordinator. His function is to provide the mechanics for request processing and to insure action is taken to approve or disapprove the request.

E. GENERAL OBJECTIVES AND ASSUMPTIONS OF SUBHEAD 30

The basic objective of the Subhead 30 program indicated in Ref. 6 is that this program grants to individual unit commanders greater discretion and responsibility for effective economic utilization and management of his activity. Additionally, it reduces the support manager's workload for routine fund management tasks associated with units. Finally, it increases and heightens the role of program managers in the budgeting and fund management process.

Once the budgets (targets) have been established for the units, the three objectives appear to be successfully fulfilled. Once the command has its funds, it has freedom and flexibility to spend on the basis of unit priorities to the limit of the target. As long as the unit has no funding requirements beyond the target, the support managers do not become involved, aside from providing technical advice when called upon. With the new system the program managers are responsible for involvement in the budget process and are a key link in target determination.

The author sees, however, three rather basic assumptions present in the system which may not allow these objectives to be fully realized.

1) Since the unit does not become involved in the budget process until after the Subhead 30 targets are proposed to Headquarters, there is the very basic assumption that the district's proposed targets are adequate to support the units.

2) Once the proposed targets are presented to the unit commander, there is a further assumption that he has prepared a financial plan and/or is capable of analyzing the proposed targets in such a manner so as to determine the impact of inadequate funding on on-going maintenance programs and his unit's operations. Implicit in this assumption is that, if funding is inadequate, he can make his needs known and some appropriate action will be forthcoming.

3) Finally, there is the assumption that all funding responsibility given to the units are in fact controllable and discretionary at the unit level.

IV. DISTRICT IMPLEMENTATION OF SUBHEAD 30

A. INTRODUCTION

The objective of this chapter is to develop an understanding of how the twelve districts interpreted and implemented the Subhead 30 program outlined in Headquarters directives. Questions which apply to this issue include these:

1. How do district comptrollers define the Subhead 30 program?
2. What is the definition of an item appropriately funded by Subhead 30 at the unit level?
3. Where are Subhead 30 funds controlled in the district?
4. Is the procedure for justification of additional funding outlined and useful?
5. What is the capability of the unit commander to manage funds?
6. Is unit planning used in determining the funding needs of the district?

Although the author does not consider the answers to these questions and others posed in this chapter to be guidelines for judging districts, these issues are important in determining the management flexibility of the unit commander.

B. METHODOLOGY

The author has attempted to use triangulation in researching the issues of this chapter. The initial step was to request copies of (1) any implementing instructions promulgated upon initial receipt of Commandant Notice 7132, (2) subsequent instructions or notices on Subhead 30 administration and (3) a copy of the current OPLAN, ANNEX Q, dealing with Subhead 30. These were received and became the data base for review of district implementation of Subhead 30. Three districts did not forward OPLAN's but indicated that they were currently under revision. The majority of instructions published by districts dealt with accounting and reporting (documentation) changes brought about by the new program.

Reference 8 published a list of questions and required districts to respond. The purpose of this questionnaire was to determine how districts were administering Subhead 30 and whether any changes were necessary. Headquarters provided the author with copies of the district replies without enclosures. Several questions and replies dealt specifically with the issues in this chapter.

OPLANs and instructions outline the formalized structure of district programs; however, the informal structure is often more dominant. Headquarters funded the author's travel for two days at each of five district offices. During the two days, both structured and unstructured interviews were held with each district comptroller. These were followed by unstructured interviews with operations and engineering

staffs. In all cases, appointments were made in advance and the purpose of the interviews revealed to the respondents.

C. DISTRICT DEFINITION OF SUBHEAD 30

As mentioned above, a survey of district directives revealed that in many districts the major concern seemed to be accounting and reporting. This did not appear to be the major thrust of the Headquarters stated objectives. Certainly, in the process of changing to a new fund management system, major revisions became necessary in the accounting and reporting systems. During the process of ironing out difficulties with the new system, directives dealt with the procedural matters of handling obligations and control of funds.

Directives in several districts not only outlined the objectives found in Headquarters directives but also provided a general form of unit management. Units were directed to prepare a planned obligation program with a system of priorities for use at the unit. Although it was not specifically stated, these unit programs appeared to be directed toward associating unit funding levels with preventive maintenance and specific repair projects.

District OPLANs are more general in approach. They state, in most cases, the responsibility of unit commanders to manage funds effectively. These responsibilities, however, are keyed in many cases to those legal restrictions on obligational authority and over-obligation of funds. OPLANs also mention the greater flexibility and discretionary authority of unit commanders under the new system. OPLANs

generally lag behind other directives in reflecting the current district policy.

As mentioned in the previous chapter, Subhead 30 replaced a system of fund management at the district level. The new system gives funds and fund management responsibility to the lowest level of discretionary control. If the sole purpose of the new system is to place responsibility where it did not previously exist, it succeeded; however, something is missing. That missing item is the management (decision making) process. How does the unit commander go about insuring effective use of funds? There is an unwritten assumption that unit commanders know how to insure effective use of funds. (This will be discussed later in this chapter.) Although several districts have provided generalized guidelines for analyzing unit needs and demonstrating these needs to the district, the majority of the districts leave the management analysis procedure up to the unit commander. This tends to disassociate the management process from the Subhead 30 program.

This possible disassociation prompted the author to ask district comptrollers to define the Subhead 30 program. Although one comptroller defined it as a purely accounting system which should not be confused with a management system, the remainder of the sample talked in terms of the program assigning management responsibility to unit commanders. Further, this responsibility carried with it the requirement that unit commanders insure units were properly funded and

that funds were being used in accordance with an established priority system. Several comptrollers talked of this system as a potential evaluation system for unit commanders. However, they felt that this might be detrimental if evaluation was measured in terms of turning back funds. The issue of costs (obligations) vs expenses as a measure of future need was part of the problem described by comptrollers. They further noted that it would be difficult to compare units and unit commanders based on costs, because funding requirements for a year depend on previous preventive maintenance and other circumstances occurring prior to assumption of command.

The author concludes that district comptrollers generally feel Subhead 30 is intended to be a management system placing decision making responsibility at the lowest practical level. Although this is the case, the majority of the written directives aimed at the unit commander does not bear this out.

D. DEFINITION OF SUBHEAD 30 ITEMS

The most critical definition in directives dealing with Subhead 30 is the one pertaining to items appropriately funded by Subhead 30 at the unit level. This is an area of varying interpretations by districts. At one end of the spectrum, some districts define these items as minor equipment and repair parts costing \$250.00 or less. At the other end of the spectrum, there is an upper boundary -- anything under \$1000.00 Dollar limitations and definitions found in the replies to Ref. 8 and in directives do not

specifically clarify the issue. Unit capability is also a consideration in the definition. Some districts consider this to be an important issue, others do not. The author was unable to find in district directives any parameters for determining the nature of items which could or could not be accomplished by the unit. This was most often applied to boat maintenance questions, but only when used to differentiate major overhauls from normal repairs.

Although not addressed in the replies to Ref. 8, the specific definition of controllable and uncontrollable items at the unit level plays a key role in this problem of determining what the unit should fund. From district to district there is inconsistency concerning who funds such things as BOATALTs (BOATALTs are specific boat alterations designed by Headquarters; districts are responsible for insuring they are accomplished when they are appropriate for the operating area.), operating fuel and utilities. One district says BOATALTs are to be funded at the unit level from Subhead 30 funds. Several districts require units to fund operating fuel costs from unit targets. Several districts have already placed utility costs at the unit; and others are following the lead. (The impact of some of these specific decisions will be discussed in later chapters.)

In one district the definition found in directives indicates that items under \$250.00 and within the unit's capability shall be funded from unit funds. However, research in that district revealed units were providing requests for

procurement to the district for repair parts with a total value under \$250.00 to be used by unit personnel to overhaul onboard equipment. The requests were approved and funded from district Subhead 30 funds. This action violates both parts of the district definition.

These examples are not intended to indict any district, but are included to illustrate the diverse interpretation of this one issue. As unit commanders travel from district to district in their careers, they are required to relearn definitions and must also become familiar with the informal practices which supersede the directives.

E. WHERE ARE SUBHEAD 30 FUNDS CONTROLLED IN THE DISTRICT?

There exists in most districts a hierarchy of Subhead 30 funds which could be drawn upon for unit support. (For purposes of this discussion Subhead 30 funds for district staff support are excluded.) The unit has a cost target directly under the control of the unit commander. The group commander has a target or contingency fund for unit support. The district has funds for district controlled items and a contingency fund. There are, in addition to these, two other possible sources of Subhead 30 funds: (1) industrial base support by continuing work orders and (2) nonindustrial base support from excess Subhead 30 funds. Large support bases in several districts use an industrial accounting system to charge costs to the user for all work accomplished. Whenever work is completed which was requested by a unit under a

specific work order, the materials, labor and overhead for the job are charged to the unit's target. The engineering staff in districts with industrial bases usually establish continuing work orders. District units may charge certain types of work against these work orders without obligating their own unit funds. A common work order of this type would provide for overhaul of injectors for small boat engines throughout the district. The cost of work accomplished in this manner is associated with the units in determining future support needs. Whether work orders are specific or continuing, the cost of work accomplished can be traced to the unit receiving the support. Many bases capable of supporting other district units in this same manner with materials and labor do not use an industrial accounting system. These nonindustrial bases receive, as part of their target, funds which are intended for support of other units. There is no attempt to assign to the receiving unit a dollar value for this support. Labor, materials and other expenses normally associated with overhead are charged to the support base.

From the above discussion it is apparent that the unit commander has more funds available for his unit's support than exists in his unit cost target. Who controls these additional funds? Group commanders look at their units and establish priorities for distribution of group funds. For example, in one district the group commanders have control of all boat maintenance funds provided for boats assigned to

shore stations. Industrial continuing work orders are usually monitored by the district engineering staff to insure units are not receiving a disproportionate per cent of the available support. Nonindustrial support bases establish the priority of support which they provide; however, districts generally watch closely to insure these priorities are consistent with their policy. At the district, there is a contingency fund. This fund was established to be controlled by the subhead and program managers. It was established to deal with extraordinary needs of units and to deal with additional needs resulting from an increased level of operations.

Very little information was available in directives concerning the process of decision making at the district level concerning requests for additional support by a unit. Major needs are generally brought before the district budget and review board. However, the one-time extraordinary \$250.00 to \$1000.00 needs of a unit are not handled in this manner. Interviews revealed that these decisions, although occasionally made by program managers, were more often than not made in the comptroller's office. This situation may be the result of expediency or the requirement for this office to process all requests and to propose targets to program managers. It appears that the comptroller's office in some districts is beginning to assume much of the responsibility (whether officially delegated or not) which was intended for the subhead and program managers.

What does this mean to the unit commander? He must go to his group commander for group funds, to his district engineering staff for continuing work order support, and/or to his district comptroller or program manager for contingency funds in order to fulfill his needs beyond those supportable by his unit target. There are exceptions to this hierarchy in some districts, but they are generally only to one of the levels and not to the whole scheme. Interviews revealed that the general rationale for this hierarchy was that each level was holding a contingency for the level below or that the nature of the support funded was so sporadic that funds could not be placed at the unit.

The unit commander does not ultimately control funds beyond those placed in his unit target. How well he demonstrates his needs to higher command governs the level of support he receives.

F. PROCEDURE FOR JUSTIFYING ADDITIONAL FUNDING

One of the most often found phrases in OPLANs and instructions generally says that, when unit commanders receive their proposed targets for the upcoming year or if additional needs arise during the year, requests for additional funding shall be forwarded to the district with appropriate justification. The nature of the justification required in a district is tied to the type of management programs outlined in the directives. Districts which do not specify how unit commanders are to analyze their funding needs usually do not specify what is appropriate justification. Districts that

indicate a specific type of financial plan or planned obligation program indicate that requests explain the impact on this plan or program and why the expense cannot be put off to subsequent quarters.

Although there are exceptions, those districts requiring a financial plan at the unit level generally use a format which identifies funds by unit department or by expense category. These financial plans do not associate spending with maintenance programs, repair backlogs, general equipment and allowance list replacement or operations. With the prescribed format, it seems difficult to analyze the impact of increased operating hours or unusually heavy repair requirements on anticipated normal operating and spending plans. Not only would this be true at the unit, but it would appear to be even more difficult at higher level commands without the intimate knowledge which translates fund categories in the unit's financial plan into accomplishments.

Interviews with district staff members disclosed a diverse set of standards for judging incremental needs. Some approving authorities indicated that, if the request sounded reasonable, funds were provided. Other districts staffed requests to support managers for evaluation and recommendations prior to the decision. If the recommendation was favorable, funds were provided; if not, none were forthcoming. Unless the situation was critical, some districts automatically returned the majority of requests to the unit and directed the unit commander to reprogram existing funds.

Throughout the districts, there is no consistent interpretation of how units request and justify additional funding. Further, there is no consistent procedure for analyzing these requests at the district level. Like other inconsistencies in the Subhead 30 program, this creates problems for personnel transferred from district to district.

G. THE CAPABILITY OF UNIT COMMANDERS TO ANALYZE NEEDS AND MANAGE FUNDS

Much of the Subhead 30 program rests upon the assumption that unit commanders are capable of analyzing unit needs and justifying necessary changes in the proposed unit targets and that, once given funds, they will spend them effectively. In districts where little or no written direction is given concerning unit fund management (financial plan/planned obligation program), this assumption is even more critical. Of the five district offices visited, three had reservations about the capabilities of unit commanders to make sound management decisions. One comptroller indicated that his district overcontrolled units because of the lack of expertise of unit commanders. All staffs interviewed indicated that, within their respective districts, there were good managers and not-so-good managers. Two comptrollers specifically indicated that they felt enlisted unit commanders did a better job than their commissioned counterparts.

The districts which felt unit commanders were capable based their judgments on inspection reports. These reports indicated a high maintenance level in a period of rising

costs. It was the opinion of staff officers in these districts that unit commanders saw the importance of maintenance and that this was considered the priority concern in unit management. The districts which were not favorably impressed with unit commander capability indicated displeasure with spending and felt vital maintenance funds were being spent unwisely.

Correlating district staff opinion with the level of management direction provided by districts revealed that two districts which specified the procedure for analysis and preparation of unit financial plans were satisfied with unit commander capability. The two districts which did not specify procedures (financial plan or planned obligation program) were unhappy with unit management. One district with specific financial plan procedures was unhappy with unit commanders. This district was the one previously described by its comptroller as overcontrolled. It appears from this that, as a result of districts establishing guidelines for procedures of analysis and guidelines for district priorities for unit spending, unit commanders will generally make decisions more consistent with district program objectives.

H. UNIT PLANNING AND TOTAL DISTRICT SUBHEAD 30 FUNDING NEEDS

Only one district deviates from the general timing guidelines outlined by Headquarters for unit review of proposed targets. That district receives unit and group recommendations prior to formalizing district budget estimates and

submitting them to Headquarters. The remainder of the districts receive unit modifications of the district's proposed unit targets after submitting district budgets to Headquarters. This practice would indicate confidence in district estimates and a feeling that unit recommendations cannot significantly add to these estimates.

I. CONCLUSION CONCERNING DISTRICT SUBHEAD 30 PROGRAMS

The author found it impossible to develop a profile of the typical district's Subhead 30 program. Attempts to develop two profiles for comparison met with the same results. Districts are different in nature and so was their interpretation and implementation of Subhead 30. The following are a set of general statements describing the program at the district level, based on visits to five districts, review of all districts' OPLANs and instructions and all districts' replies to Ref. 8.

1. District comptrollers feel Subhead 30 is a management system.

2. There is varied interpretation of the nature of items over which unit commanders have management responsibility.

3. The unit commander does not control the majority of Subhead 30 funds used to support his unit.

4. The procedure for justifying additional funding at the unit level is a function of how closely the district specified the analysis procedure.

5. The district staffs have differing opinions concerning the management capabilities of unit commanders.

6. With the exception of one district, unit inputs are not considered when establishing district Subhead 30 Budgets.

V. ANALYSIS OF UNIT SPENDING AND UNIT COMMANDER CAPABILITY

A. INTRODUCTION AND CHAPTER OBJECTIVES

Previous chapters have discussed the importance of unit commanders' management capabilities. There is an assumption in the Subhead 30 program design that unit commanders are capable of fund management. Some district comptrollers have reservations about unit commanders' capabilities. Since this issue is basic to the success of Subhead 30, this chapter will outline the author's process of testing to determine if a useful management program could be established by unit commanders. There are four basic areas of concern associated with this question:

- 1) Can unit commanders coordinate budget planning with engineering planning for maintenance requirements?
- 2) How does the unit commander spend his unit funds?
- 3) How would he spend additional funds or where would he cut spending if his unit target was reduced?
- 4) Are there any long range implications of existing funding levels?

1. Methodology

The author designed a model instruction for use at small units. This instruction was published at a ten unit group and used to determine unit budgets for one fiscal year. In the months prior to implementing the instruction, a careful review of unit allowance lists (authorized onboard

equipment) was conducted. Emphasis was placed on determining which equipment was actually needed to operate the unit effectively, without placing great emphasis upon the existing allowance list. This process resulted in an overall reduction of line items and brought these lists into line with the current unit mission.

The initial step in implementing this model instruction was a meeting at the group office of all unit commanders of the ten group units. A full day was given to explaining the purpose of this directive and how units should use it in developing their budget for the upcoming fiscal year.

Before leaving the meeting, the Group Commander instructed the unit commanders to return to their units and begin work on their budgets. He further indicated that, should they need assistance or have questions, they should call the group office and assistance would be forthcoming. During the months that followed, only two of the ten units requested assistance. Their requests turned out to be a desire to have the group comptroller look over their work prior to placing it in smooth copy. Since none of the units had either a yeoman or storekeeper assigned to them, the comptroller informed all units to forward rough copies to the group and the group staff would place them in smooth form.

2. The Format of the Model Instruction

Appendix A, "Small Unit Administration and Budget Program," is a copy of the model instruction published for use by the group units. There is a list of the units which

formed this group in section B, "Analysis of Unit Budgets," in this chapter. The ten units in this group shall be referred to as the "group units" in the remainder of this thesis. Since Appendixes B and C are in the same format as the illustration in the model instruction, Appendix A does not include the sample budgets which accompanied the original instruction. The concept used in developing this instruction is that the unit has three basic types of fund expenditures: (1) routine recurring expenditures, (2) work projects and (3) general equipment replacement.

Routine recurring costs (referred to as routine recurring expenses in Appendix A) are defined as those obligations of unit funds which occur on a periodic basis and have little or no relationship to the volume of unit operations. Examples of these would be: linen service, exterminator service, office supplies, paper towels, cleanser, dishwashing detergent, light bulbs, etc. Although there may be ways of reducing consumption of these items, it would be difficult to conceive of a unit operating without them. Unit commanders were required to review spending for the previous three fiscal years and identify these items by name, amount and current cost. For the purpose of this model instruction, these costs are considered priority 1 -- essential to unit operations. This high priority is assigned not only because these supplies are used in basic unit administration but also because they are the basis for maintaining a high level of habitability.

The second group of expenditures is defined as work projects. Great emphasis is placed on preventive maintenance in the Coast Guard. This philosophy is based on the idea that maintenance will increase the readiness of units by reducing equipment breakdowns and that it will reduce the number of major casualties by discovering problems early. Almost every piece of equipment has an operating and maintenance manual. These manuals prescribe the type and frequency of preventive maintenance which should be accomplished. In addition to these manuals, civil and naval engineering manuals outline inspection procedures for shore facilities, boats and ships. Discrepancies found during these inspections are expected to be corrected and the unit returned to top condition. Unit commanders also usually have projects which they desire to accomplish in order to improve their unit's effectiveness of habitability. This model instruction requires the unit commanders to identify all of these required and/or desired work projects, determine how much they will cost to accomplish and rank them in the order of his priority system; priority 1 -- urgent, priority 2 -- necessary, priority 3 -- desirable. Appendix A defines in more detail the priority system unit commanders were to use.

Rather than creating new reporting forms, the author chose to have unit commanders use Shore Station Maintenance Report (SSMR) and Current Ships Maintenance Program (CSMP) forms to support these work project requests. Although these forms are not formally required for unit accomplished work

on shore facilities and small boats, the forms were familiar and readily available to unit commanders.

The third category of unit fund expenditure is general equipment replacement. After all of the units revised their allowance lists, there was, in each case, a shortage of items needed. However, unit commanders were instructed that they should not expect immediate funding but should view them in the perspective of other equipment replacement requirements. Unit commanders were directed to schedule replacement of existing equipment nearing the end of its useful life and to schedule procurement of additions to the unit's allowance list during the eighteen month period following the beginning of the upcoming fiscal year. They were able to prepare these schedules from prior replacement records and from experience gained during their service careers. The author was impressed that, prior to reviewing records, unit commanders could estimate with accuracy (later supported by obligation records) the expected life on a unit for such items as life jackets, foul weather gear, towing hawsers, etc. These equipment needs were scheduled by quarter and assigned a priority in accordance with Appendix A.

Once a unit commander developed unit needs in these three categories, the needs were costed as accurately as possible. These categories were aggregated and the result was a unit cost target. It was, however, more than a simple cost target; it was a plan for the orderly accomplishment of maintenance and operations. The unit commander had assigned

his priorities to the work he wished to complete in the upcoming fiscal year. Should higher command disagree with his priorities, the unit commander would be able to respond with specific information. If funds were not available to support the total needs outlined by the unit commander, then the actual funding level placed an imaginary line under those higher priority items which could be funded by the target. It then became the unit commander's responsibility to carry out these plans in an orderly fashion. Should extraordinary circumstances arise, there would certainly be a reordering of priorities and an avenue for the unit commander to inform higher command of the impact of this event upon his unit plan. Since both had copies of the budget, the unit could reference specific items to the district.

The model instruction included two enclosures: (1) a sample annual budget request and (2) a sample quarterly budget request. In discussions with unit commanders after the budgets were submitted to the group, comments were made indicating that samples of this nature were helpful in illustrating the desired end product.

The timing sequence of the unit budgets allowed ample time to analyze them and forward the results to the district prior to submission of the district budget to Headquarters. All unit budgets were submitted to the group, analyzed, smooth-typed and forwarded to the district with comments concerning each unit by the group staff by 5 January.

B. ANALYSIS OF UNIT BUDGETS

Appendix B and Appendix C are copies of budgets submitted by two of the ten group units. Appendix B is for a life boat station built in 1936 with four boats assigned. Appendix C is for a 95 foot patrol boat. The following is a list of the group units by type and unit commander:

<u>Type</u>	<u>Unit Commander</u>
UNIT 1 - Life Boat Station	E7
UNIT 2 - Light Attendant Station	E6
UNIT 3 - Life Boat Station	Warrant Officer
UNIT 4 - Life Boat Station	Warrant Officer (Appendix B)
UNIT 5 - Construction Tender	E9
UNIT 6 - Construction Tender	E8
UNIT 7 - 82 foot Patrol Boat	E8
UNIT 8 - 95 foot Patrol Boat	LTjg
UNIT 9 - 95 foot Patrol Boat	LTjg
UNIT 10- 95 foot Patrol Boat	LTjg (Appendix C)

For purposes of this analysis, only priority 1 and priority 2 items will be included.

1. Routine Recurring Costs

The budget requests for routine recurring costs reveal some rather interesting comparisons. Column B of Figure 6 is the proposed total Subhead 30 target received by the unit after submission of the budgets to the district. Column C is the unit's annual request for funds to support routine recurring costs. Column D is a list of funds available to the unit commanders to support preventive maintenance

A	B	C	D	E
Unit	District Proposed Unit Target	Budgeted Routine Recurring Costs	Balance (B - C)	Per cent That Routine Recurring Costs are of the Proposed Target
1	\$ 6,200.00	\$ 5,563.00	\$ 637.00	89%
2	2,600.00	2,053.00	547.00	79%
3	6,200.00	3,915.00	2,285.00	63%
4	8,400.00	3,636.00	4,764.00	43%
5	7,500.00	2,696.00	4,805.00	36%
6	7,500.00	2,752.00	4,748.00	37%
7	4,400.00	2,816.00	1,584.00	64%
8	6,500.00	4,354.00	2,146.00	67%
9	6,500.00	4,390.00	2,110.00	67%
10	6,500.00	4,890.00	1,610.00	75%
	\$62,300.00	\$37,065.00	\$25,235.00	

Average per cent that total routine recurring costs are of the total proposed target

$$\frac{37,065}{62,300} = 60.0\%$$

FIGURE 6

and to purchase allowance list items for the remainder of the year. Column E is the per cent of total funds in the proposed target which the unit commander will use for routine recurring expenses if he carries out his plan.

Flexibility is a term often used when describing Sub-head 30. The unit commander is responsible for decisions at the unit level, which decisions will provide effective utilization of funds. This sample group demonstrates that, in one case, the unit commander feels 89 per cent of his funds are routine and must be committed just to carry out the requirements of good housekeeping. He has only \$637 remaining to maintain his boats and shore facility for one year. At the other end of the spectrum, another unit commander, on a different type of unit, feels only 36 per cent of his funds fall into this category. He has \$4804 to maintain his construction tender for a year. The wide variation in the per cent of routine recurring costs in these particular cases can be attributed to the difference in type of units in the group and to the fact that the shore facility with the 89 per cent figure was scheduled for replacement within five years. The total routine recurring costs for the combined units represents 60 per cent of the total target available to the combined units.

2. Work Projects

The total cost of proposed priority 1 and priority 2 work projects and equipment replacements for the ten units are listed in Figure 7. Four of the ten units propose

UNIT	WORK PROJECTS		EQUIPMENT		FUNDS AFTER ROUTINE RECURRING EXPENSES
	PRIORITY 1	PRIORITY 2	PRIORITY 1	PRIORITY 2	
1	2890.00	0.00	1421.00	150.00	637.00
2	273.00	205.00	2184.00	238.00	547.00
3	3409.00	90.00	4358.00	443.00	2295.00
4	7758.00	7365.00	2371.00	2705.00	4764.00
5	2492.00	115.00	1787.00	665.00	4804.00
6	4095.00	890.00	4147.00	689.00	4748.00
7	305.00	210.00	521.00	449.00	1584.00
8	1379.00	355.00	1335.00	1283.00	2146.00
9	2054.00	830.00	860.00	851.00	2110.00
10	769.00	525.00	3735.00	2211.00	1610.00

FIGURE 7

priority 1 work project totals which are approximately equal to (within \$50.00) or exceed the balance of funds remaining after routine recurring expenses are funded. The unit budget presented in Appendix B is a prime example of this type of problem.

It should be noted that these units are located in a district which defines Subhead 30 with an upper dollar limit of \$1000.00 and does not confine items to those accomplishable at the unit. All allowance list items under \$1000.00 are also funded from unit Subhead 30 funds. District units may write specific work orders or contract for commercial work. District directives require semiannual hauling (pulling out of water for maintenance) of boats.

In order to understand the problems at any particular unit, additional information is required. For example, the unit illustrated in Appendix B does not have a marine railway and, because of its location, must use a commercial yard to haul its boats. The employees at the only yard available have a strong labor union organization, and their contracts specify that no work may be performed by nonunion workers. Therefore, Coast Guard personnel cannot work on unit boats while they are in the yard. The cost to do the required hauling, painting and inspection for this unit is estimated to be \$3000.00 per year. This unit has a particular problem with unaccomplished BOATALTs. The priority 1 list of these BOATALTs is estimated to cost \$2800.00. The combination of these two types of priority 1 work projects exceeds the

funds available. If the unit commander decides not to accomplish any of the above types of items but places his emphasis on the balance of priority 1 and 2 maintenance projects, he would utilize almost \$3800.00. This would leave less than \$1000.00 to replace equipment and respond to emergencies for the year.

The unaccomplished BOATALTs at this unit were the subject of numerous inspection reports; however, with the proposed target level, they were not expected to be accomplished in the foreseeable future. The unit commander did not haul and inspect his boats in accordance with district directive. Boats were hauled only when required by casualty.

The crisis at the other units in the sample is not as severe; however, their needs are substantially lower because they do not have the large number of major dollar items still pending (unaccomplished BOATALTs). Unit 4 is not an isolated case because, as noted above, three more of the sample have more priority 1 maintenance needs than total funds available.

3. General Equipment Replacement

Once again four of the ten units indicate their priority 1 needs to replace and/or initially purchase allowance list items exceeds the balance of funds remaining after routine recurring expenses are funded. Appendix C is a good example of the nature of items needed. It is difficult to take issue with assigning priority 1 to items such as an outboard motor, fire hose, towing hawser, OBA (emergency

oxygen breathing apparatus), binoculars, mechanical foghorn, day shapes, etc. The cost of these items is double the above indicated balance available to the unit commander. Some of these items can be purchased during the current year and some next year. However, in the meantime, other items either break, are expended or are no longer serviceable and must also be replaced.

4. Conclusions of Analysis

If the unit commander considers routine recurring expenses as committed funds over which he has little or no control, then only approximately forty per cent of his unit target is available to him for the decision making process. He must make decisions concerning which maintenance programs and equipment items rank highest in priority. After going through the type of analysis in this model instruction, the unit commander knows that he cannot possibly fund all of his urgent (priority 1) needs. Having specified these needs in detail to higher command, he must now assign the scarce resource, money. How he decides this and in what areas unit commanders place highest priority are subjects covered in the next chapter.

C. CONCLUSIONS

One of the objectives of this model instruction and analysis was to see whether unit commanders can coordinate budget planning with engineering planning for maintenance requirements. In all cases the information developed by the units indicated an awareness of preventive maintenance requirements

and a good working knowledge of the materials and labor hours necessary to accomplish the work. Although there was initial resistance to planning eighteen months in advance, unit commanders soon discovered they knew, from experience, what their unit needed but had never before formalized it. Once this budget was formalized, unit commanders were quick to mention to inspecting officers that the discrepancies noted in their inspection had been brought to the attention of higher command but that funds were not available to solve the problem.

The unit commanders spend, on an average, 60 per cent of their target on routine consumable housekeeping supplies and services. The remainder was spent on maintenance and urgent equipment needs. There was no indication that units were spending money on spare parts. Parts were generally purchased for installation when a repair was necessary.

If additional funds were made available to the group units, the unit commanders had a ready backlog of needed maintenance and allowance list shortages. In most cases a cut in unit targets would result in a reduction of preventive maintenance. Units would only be able to respond to casualties, and small boat allowances would dwindle below the existing shortages.

Many of the implications of the existing funding level at small units will be discussed in the next chapter. In the group units studied, the level of unit funding did not allow the units to maintain the status quo. Unit budget

requests did not include projections of inflationary impacts, and there were no adjustments from year to year for the eventual inflationary effects on unit spending. If this situation is continued and unit budgets remain static, the rising costs of items in the routine recurring cost category will substantially reduce the per cent of unit funds available for discretionary action. Also, coupled with other rising costs, this situation would reduce the buying power of the remaining funds.

From the standpoint of the group and district, this analysis pointed out several things. Some units have severe funding problems and other units of identical age and type have only minor funding problems. Giving similar targets to like units may not be a practicable approach. This analysis pointed out the detrimental impact of defining Subhead 30 items to include BOATALTs, unless unit requests are analyzed in detail to insure that these major cost needs are specifically funded. Further, units in the sample have significant problems with allowance list shortages. Since much of the equipment listed as priority 1 items in the sample were boat outfit items and safety equipment, this issue should be of major concern.

The author is careful to emphasize that the problems described in the ten group units do not necessarily extend to all Coast Guard units. All of the ten units were in one group in one district. The district interpretation and implementation of Subhead 30 was a driving force in creating

and sustaining these problems. This district placed large funding responsibilities (\$1000 items, BOATALTs, etc.) at the unit level. The district did not create a system of communication for the units to present specifically the funding requirements necessary to carry out these responsibilities. As a result, the group units had significant shortages in the funds necessary to fulfill these responsibilities. However, when given a model instruction designed to communicate unit funding needs, unit commanders were capable of clearly specifying the unit needs in terms of routine costs, preventive maintenance and general equipment requirements. This is a significant point! Unit commander capability is a basic assumption upon which the Subhead 30 program rests. A system similar to the model instruction should be used in all districts as a means of communicating unit needs to the district and in turn to Headquarters.

VI. UNIT COMMANDER ATTITUDES AND PRIORITIES

A. INTRODUCTION AND METHODOLOGY

Since Subhead 30 is now a reality and it impacts greatly upon the unit commander's responsibilities, the author was interested in measuring how well the unit commander understands the program. Further, does he like Subhead 30 and does he see any problems which are the direct result of the program as implemented at his level?

1. Methodology

The interview technique was selected as the method of research for these issues. Unit commanders selected for the sample group were from two adjacent districts. The units selected were those with a Commanding Officer or Officer in Charge of the rank of Lieutenant or below and shall be referred to as the "sample group." Twenty-one commands were visited. Of the twenty-one, six are not included in the sample. Three were group commands without direct operational responsibility; one was a tenant command at a large Navy facility, with funds for administrative supplies only; and two unit commanders did not keep their appointments with the author.

Prior to visiting the sample group units, the author discussed the project with the respective district controllers and received approval for the interviews. All of the units were contacted by phone in advance to make appointments with the unit commanders. The exact subject of the

interview was not revealed. The general subject of unit administration was given as the issue of concern. The author did not wish to bias the sample by allowing unit commanders to brief themselves on the specific subject of Subhead 30.

The author decided to wear a uniform for the interviews. Since the only Coast Guard officers outside Headquarters who wear civilian clothing during working hours are Coast Guard Intelligence personnel, the author felt that his wearing a uniform would place respondents more at ease during the interview.

The interview was designed to have three parts. The first part was to be an explanation of why the author was visiting the units (thesis research) and the assurance that none of the answers or comments which the respondents might make would be associated with either him or his unit. The second part was to be a series of twenty-five questions designed to cover seven general topics. The final part of the interview was to be an unstructured period for the purpose of expanding upon any particular subjects which might have come to light in the second part. The author felt that one hour would be adequate to complete the interviews and, therefore, planned his travel schedule accordingly.

In developing the second part of the interview, the author made several assumptions about the nature of the respondent. It was assumed that unit commanders had at least a high school education, had been in the Coast Guard for at least five years and were familiar with the funding system

in use prior to Subhead 30. The author also prepared secondary questions for each of the twenty-five questions, in case the respondent did not appear to understand the primary question.

2. Methodology Problems

The major problem encountered was time. The author traveled 2200 miles and visited the twenty-one units in a five-day period. Several unit commanders were late for appointments and this created pressures to hurry through the interviews in order to get on the road to be at the next command on time. Delays of this nature affected the first and last part of the interview. These parts were shortened. There was the potential result that unit commanders were not placed sufficiently at ease and that there was insufficient time to delve informally into specific unit problem areas. The one-hour time frame was too short. A longer period would have given more slack in scheduling and allowed for a more relaxed interview session. Never-the-less these interviews did produce the essential results intended.

The only other problem of importance was with question design. Secondary questions were used for several questions. The primary question did not, in these cases, elicit answers from the respondent in the desired subject areas.

B. ANALYSIS OF STRUCTURED INTERVIEW

In the structured part of the interview, twenty-five questions were asked to cover seven general subject areas. The

first ten questions were designed to develop a profile of the unit and unit commander.

1. Unit/Unit Commander Profile

These ten questions and summaries of answers follow.

Question 1: What is your rank or rate?

<u>Rank/Rate</u>	<u>Number of Unit Commanders</u>
LT	2
LT(jg)	4
W-2	2
E 8	1
E 7	6

Question 2: What is your age?

<u>Age</u>	<u>Number of Unit Commanders</u>
21 - 30 - - - - -	5
31 - 40 - - - - -	8
41 - 50 - - - - -	2

Question 3: How long have you been in the Coast Guard?

<u>Years of Service</u>	<u>Number of Unit Commanders</u>
5 - 10 - - - - -	5
11 - 15 - - - - -	1
16 - 20 - - - - -	7
21 - 25 - - - - -	1
26 - 30 - - - - -	1

Question 4: How many years of formal education do you have?

Highest Level of Education	Number of Unit Commanders
11th grade - - - - -	1
High School Graduate - - - - -	6
1 Year of College - - - - -	4
BA/BS - - - - -	4

Question 5: How long have you been assigned to this unit?

<u>Months On Board</u>	<u>Number of Unit Commanders</u>
0 - 10 - - - - -	6
11 - 20 - - - - -	5
21 - 30 - - - - -	3
31 - 40 - - - - -	1

Question 6: Have you previously been the commanding officer or executive officer of a Coast Guard unit?

<u>Yes</u>	<u>No</u>
10	5

Question 7: How many personnel are assigned to this unit?

<u>Number of Personnel</u>	<u>Number of Units</u>
0 - 10 - - - - -	4
11 - 20 - - - - -	4
21 - 30 - - - - -	5
31 - 40 - - - - -	2

Question 8: How many vehicles and boats are assigned to your unit?

<u>Number of Boats</u>	<u>Number of Units</u>
0 - - - - -	3
1 - - - - -	6
2 - - - - -	2
3 - - - - -	1
4 - - - - -	0
5 - - - - -	1
6 - - - - -	2

<u>Number of Vehicles</u>	<u>Number of Units</u>
0 - - - - -	4
1 - - - - -	6
2 - - - - -	3
3 - - - - -	1
4 - - - - -	0
5 - - - - -	1

Question 9: How many storekeepers and yeomen are assigned to this unit?

<u>Storekeepers</u>	<u>Yeomen</u>
None: 13 units	None: 12 units
One: 2 units	One: 3 units

Question 10: What is the age of this unit?

<u>Years of Age</u>	<u>Number of Units</u>
0 - 10 - - - - -	4
11 - 20 - - - - -	5
21 - 30 - - - - -	2
31 - 40 - - - - -	3
41 - 50 - - - - -	1

Unit commanders in the sample group ranged from Lieutenant to E7 and their ages were distributed from 23 years to 45 years. Time in service for unit commanders was divided into two general groups: seven to nine years and fourteen to twenty-two years. The first group was composed of four commissioned officers and one E7. It should be noted that this time figure included Coast Guard Academy time for commissioned officers in the seven to nine year range. The level of education of unit commanders was higher than the author had anticipated. Aside from commissioned officers, there were four men with college credits in excess of one year. They included one Warrant Officer and three E7's. The majority of the unit commanders had been at the unit from six to fourteen months and had been a commanding officer or executive officer prior to arriving at their current command. Four of the five exceptions to previous command were Lieutenants (junior grade) who had graduated from the Coast Guard Academy.

The feature of selecting small units for study in this thesis was to choose unit commanders without administrative staff officers who could assist in the decision process. The sample group units had small numbers of personnel assigned, and, with four exceptions, none had storekeepers or yeomen assigned. The four exceptions were two buoy tenders (one with a yeoman and a storekeeper and another with a storekeeper) and two shore commands (with one yeoman each).

The only units without boats were either LORAN (Long Range Aids to Navigation) stations or radio stations. The age of the sample facilities covered a broad range, from one year to 49 years. It was later discovered that the age of the unit had an unusual effect on the funding level in one district. The two newest shore commands were in different districts; one unit was one year old and the other, seven years old. Both unit commanders indicated that their units were the district showplaces. One, however, had significant funding problems, which will be discussed later in this chapter.

For the remainder of the questions, only fourteen of the fifteen units will be included. The commanding officer of one unit had previously served as a staff officer working for the comptroller in the sample group analyzed in the previous chapter. This commanding officer brought to the command a copy of the model instruction used in the research and implemented it, although the district had no requirement for a formal unit financial plan. He considered it the

primary concern of a commanding officer to insure that the command had the resources (money, men and equipment) necessary to fulfill the mission. He was basically unhappy with the district Subhead 30 program because it did not provide a process of communication between his unit and the district.

Questions 11 through 25 were designed to deal with five general topics. These questions will be discussed individually by topic area.

2. Importance of Financial Management

Questions 11 and 12 were designed to determine if unit commanders considered financial management an important part of their command responsibility.

Question 11: What are the two most important jobs of a commanding officer? (What unit jobs require most of your time?)

Question 12: What is the key to good unit administration?

Most unit commanders were unable to answer question 11 directly. The secondary question was then used. Eight of the fourteen indicated that personnel matters took most of their time. Insuring that supplies were ordered and maintenance was done were the other answers given. After some discussion, most men indicated that they actually considered their primary job to be the control of the operational mission of the unit but that their administrative workload interfered. Respondents defined the key to good administration as personnel. Training and supervision were voiced as the key by eleven of the fourteen unit commanders. They indicated that, with a well-trained, happy crew, there were no administrative problems.

3. Familiarity with Subhead 30

None of the fourteen unit commanders mentioned Subhead 30, unit targets, or budgets prior to question 13. This question was asked to determine if respondents were familiar with the funding system prior to Subhead 30 and if they could compare the two systems. Questions 14 and 15 were included to determine if unit commanders were familiar with the purpose of the new financial management program.

Question 13: Were you involved in unit administration prior to Subhead 30?

Question 14: What is the best part of the Subhead 30 program?

Question 15: What is the worst part of the program?

Nine of fourteen unit commanders indicated they were familiar with the system used prior to Subhead 30. Eleven unit commanders felt the best part of the program was their authority to use their funds as they wished. Three respondents indicated that they did not like the new program at all. When pressed to indicate why they did not like anything about the Subhead 30 program, it became clear that they viewed it as the supply support system. They blamed Subhead 30 with the delay they were experiencing in receiving supplies. The responses to question 15 indicated that respondents felt the major shortcoming of the program was that units did not have enough money. The respondents in one district further indicated that the system for requesting additional funds was too complicated, and, in the other district, respondents indicated that requests fell on deaf ears.

4. Derivation of Unit Targets

Questions 16, 17 and 18 were designed to determine how well unit commanders understand the derivation of their unit targets and whether they have a systematic process of determining the adequacy of the proposed targets. If the targets are inadequate, as indicated above, how do units go about demonstrating needs?

Question 16: How is your unit's cost target determined?

Question 17: How do you analyze the proposed cost target?

Question 18: How many times have you requested additional funds? Why? Were you successful?

Six of fourteen respondents indicated that they had no idea how their targets were determined. The remainder felt that it was based upon what they had received the previous year. Questions 17 and 18 opened a subject about which all respondents had rather strong opinions. They felt that the proposed targets were practically impossible to change. Once the district published these figures, it was their responsibility to live within the target total. Once into the year, if extraordinary items occurred, they felt they should ask for additional funding only if it was absolutely impossible to continue without additional support. They consider such a request to be a black mark against their record as a unit commander. Several units were successful in obtaining additional funding. However, several of the unit commanders who requested additional funding for fuel because of increased operations had been turned down.

5. Unit Commander's Priority System

The author was interested in how unit commanders established a priority system for decision making and how they felt their indicated shortage of funds affected their units.

Question 19: If your target was increased \$1000.00, where would you spend it?

Question 20: If your target was reduced \$500.00, where would you cut?

Question 21: Would you trade a billet for an increase equal to his pay? Why?

From the answers to questions 19 and 20 and further discussion with respondents, the general priority ranking was inferred to be (1) boats, (2) habitability and (3) shore maintenance. Unit commanders all felt that substantial funds should be put into their unit's spare parts. Among the older units, the habitability problem was of major concern. Two commanding officers described the hours spent weekly by their men repairing plumbing and electrical fixtures around their stations because they could not afford to replace the worn-out fixtures. These men pointed to numerous signs of physical deterioration, which they indicated could be corrected with unit personnel if funds were available. They indicated that any reductions in funding level would force cutbacks of maintenance programs. This was particularly true of shore maintenance.

Ten unit commanders indicated they would not trade a billet for money. They felt the loss would have an adverse impact on watch standing (duty section rotation) and morale

at their small units. The five exceptions indicated they could better utilize their remaining men if they had the additional funds. They were strongly concerned that the loss in manpower should not yield a one-time funding increase but that funds should be forthcoming on a continuing basis. These five units included three shore units and two floating units. The respondents covered the range of rank structure from Lieutenant (junior grade) to E7.

6. Familiarity with Other Management Programs

As previously indicated, Headquarters' instructions indicated that the districts had several useful tools available to determine the support needs for units. These included repair backlogs, the civil and naval engineering planned obligation programs, etc. Questions 22, 23 and 24 were asked to test how well the unit used these programs.

Question 22: What do you think of the district Planned Obligation Program (generally referred to as POP)? (Previously described in chapter III-B-1-b.)

Question 23: Do you prepare Shore Station Maintenance Reports or Current Ships Maintenance Program reports for the district?

Twelve of the fourteen respondents had never heard of Planned Obligation Programs. One respondent referred to the system as "Put Off Permanently." The unit commanders were, however, familiar with the Shore Station Maintenance Reports and the Current Ships Maintenance Program. They had not heard them referred to as either the POP or Planned Obligation Program. The majority of the unit commanders were unhappy with the program. They all indicated that they had enthusiastically

filled out the reports when they first arrived at the unit. However, they indicated that many were returned with directions to accomplish the projects from unit funds and that the remainder went on a backlog to be accomplished at some time in the distant future. After a few responses like that, they stopped submitting them unless there was a disaster. In one of the two districts, units did not have a Civil Engineering Manual. One of these units produced copies of correspondence indicating a request for a copy, but the request was turned down. This manual is a valuable tool for shore facilities, and a copy should be placed at all shore stations.

7. Unit Allowance List

The final question was simply to determine if units were using the allowance list as a management tool.

Question 25: When was your unit allowance list last updated?
Does it provide all the equipment you actually need?
Could items be deleted?

The typical answer ranged from "I just entered a change" to "It hasn't been touched since 1964." Unit commanders generally felt that these lists were unrealistic, included items which were of no use and excluded needed items. They felt that it was not that important an issue to warrant all the time necessary to develop a workable allowance list for their unit.

C. RESULTS OF INFORMAL PART OF INTERVIEW

Three issues were consistently discussed by unit commanders and were the subjects explored in the third part of the interview. These were (1) the administrative reports workload, (2) administrative staff at small units and (3) fuel funds.

1. Administrative Workload and Staff

As previously indicated, unit commanders felt that unit operations should be their primary concern but that the administrative workload kept them from it. The average unit in the sample prepared over 200 reports per year. Many were routine, periodic summaries of activities; other are dictated by the level of operations. Some are reports on reports and some are reports of lack of activity. Unit commanders were frustrated and became emotional when discussing this problem. They cited the increased reporting requirements of Subhead 30 as an example of the growing problem. Most respondents felt that it would be good to see the results of their reports. They would like to compare their unit with other units or just to know these reports were being used and not just filed. Although unit commanders stated that any additional reporting requirements would be impossible to accomplish, the author does not agree. A review of the specific reports submitted revealed that they were generally simple and straight-forward. They did not require research but did require time to type them out. Most of them were routine and could be completed by other unit personnel and approved by the unit commander prior to mailing.

When the subject of a possible personnel/dollar trade-off was posed, the author asked if there were any changes the unit commanders would like to make in the billet structure. There was universal agreement among units without storekeepers that they would trade an existing billet for a storekeeper. Since storekeepers can take care of supply support problems, maintain fund ledgers and type reports, respondents felt they would be freed to do their jobs better. In several cases seamen were assigned these jobs and completed the course work to become storekeepers. However, as soon as they made rate, they were transferred; and the unit commander had to start training over again. Unit commanders felt that they were presently capable of handling the routine personnel problems and wished to continue dealing with them. They therefore felt a storekeeper would be more useful to them than a yeoman.

2. District Definition of Controllable/Uncontrollable

As previously mentioned, the district's definition of items which should be funded from unit Subhead 30 funds is a key issue in unit fund management. Research in the sample group provided a prime example of how one item can drive a unit's operations. Fuel funds were considered controllable by the small unit in the two districts in this study. (Instructions from other districts indicate that four other districts have the same policy.) Funds were placed in the unit target, and unit commanders were instructed not to consider these funds as separate from the other target funds.

Many units were experiencing problems because of increased fuel prices and increased operations. One unit in particular served as a prime example of what can happen. This unit was the newest unit visited and had one of the new 41 foot (UTB) patrol boats assigned. The fuel funding level was based on the consumption in the previous year, when an old 40 foot (UTB) patrol boat was assigned. The area of operations was a new marina, and operations were growing rapidly. The unit was visited by the author only six weeks into the fiscal year, and fuel funds had already been consumed in an amount equal to three quarters' projected fuel allocation. The unit commander was new and concerned. He wrote a request to the district for additional fuel funds because of increased operations and the higher consumption rate of the new boat. His request was turned down, and he was directed to utilize other unit Subhead 30 funds. The result was predictable. All preventive maintenance requiring obligation of funds was stopped. Spare parts were not replaced when used. Casualty repair of the boats assumed priority 1. The unit commander pointed out signs of physical deterioration around his unit, which needed immediate attention to prevent future major repair and replacement of gutters, driveways and parking facilities. This problem was not the sole result of placing fuel funds at the unit but was a combination of that factor and a failure in the communication process to demonstrate the critical situation at this unit.

The concept of controllability is one which is not clearly interpreted in district directives. The intent of placing controllable costs at the unit is to place funds at the lowest level of discretion and control. Another cost concept should be considered in understanding the situation of fuel funding at the unit: fixed, semi-variable and variable costs. Fixed costs at a life boat station would include shore maintenance because there is no relationship between shore maintenance and search and rescue workload. Semi-variable costs are not fixed; yet, they do not have a direct relationship to operating hours or case workload. Small boat preventive and general maintenance might be an example. Although the more operating hours a boat runs, the greater the maintenance costs, there is not the direct relationship found in variable costs. Variable costs are those with a direct relationship to the volume of output or operating workload. Fuel costs are a prime example of variable costs. Operating hours, miles run, speed and engine performance determine the gallons of fuel consumed.

Placing fuel funds at the unit level assumes controllability by the unit commander, when actually fuel is a variable cost, dependent upon an operating volume that he cannot control. Controllability is really a function of workload, district underway training requirements, operational cases, routine patrols, and the age, type and condition of the boats operated. Should unit commanders have discretion not to respond to cases, eliminate training or discontinue required

patrols? Placing fuel funds at the unit level suggests that they have this discretion and control.

Fuel funds should be controlled by the district. Units should order fuel as needed and issue the required purchase documents against district funds to insure collection of cost data by specific operating facilities. Policies concerning underway training, speed on routine patrols, etc. should be established by the district operations staff. They are responsible to insure that field operations properly support the required programs. These policy issues, which determine the scope of unit operations, are not properly determined by the unit commander.

D. CONCLUSION

Unit commanders have established a priority system which coincides with both their interests and how they spend unit funds. Unit operations are the highest priority. The next highest priority is personnel matters, which include training, morale and habitability. Budget planning did not enter into this set of priorities and did not appear to exist in the sample group. There was no management communication system at work in the two districts. Units were unaware of their responsibilities to communicate their needs. Since the districts did not provide a working system of communication from the beginning of the budget process, it was inevitable that this situation existed.

Although unit commanders were aware of needed maintenance, they did not relate these needs to a system of planning and

communication with the district. Many unit commanders seemed frustrated by the situation. They lived with the problems, knew how to solve many of them but did not know how to acquire the resources to do it. The results of (1) consistently inadequate funds at these units and (2) a priority system which places boat operations first are a substantial reduction of spare parts, little or no preventive maintenance and a rapidly deteriorating shore facility.

Planned Obligation Programs in these districts do not appear to be working because unit commanders do not really understand their function. Since unit commanders are not actively participating on a continuing basis, these programs do not present an adequate picture of the physical condition of operating facilities. Further, these programs and such things as allowance lists are not the useful tools they were intended to be because unit commanders do not relate them to their budget needs. They are seen simply as other reports which must be made or manuals which must be updated.

The author neither takes exception to the priority system of the unit commanders nor blames these men for lack of budget planning. The responsibility lies at a higher level. There is not enough emphasis placed by Headquarters and districts on educating unit commanders. There appears to be an assumption that, by the time a Coast Guardsman reaches command, he automatically understands the complex system of budget planning, maintenance planning and operational planning. Further, it is assumed that he can integrate them

into an administrative system without guidance from higher command. The research outlined in this chapter indicated that unit commanders do not understand and are unable to integrate the system of budget planning, maintenance planning and operational planning without specific guidance from their districts. The research results described in chapter V indicated that, with specific guidance, an integrated administrative system is possible. The Coast Guard must move in this direction.

VII. CONCLUSION AND RECOMMENDATIONS

A. INTRODUCTION

Prior to dealing with the specific issue of concern in this thesis, the author will discuss several other topics which impact upon this issue.

1. Cost-Type Budgeting

Cost-type budgeting is not the answer to the Coast Guard's problems. This is particularly true when the definition of "cost" is "obligation." Further, the assumption that past obligations were adequate to operate and maintain field units was not born out in the research conducted for this thesis. The existing funding base for the units sampled was inadequate during the years prior to the sample and, without increases, will be increasingly inadequate in the future because of inflation and unit deterioration.

What appears to be needed is a different approach both in philosophy and procedure. Presently, Headquarters and district funding levels are justified in aggregate figures based on prior obligations, standard costs, etc. Unit commanders are not making any input to the process. The Coast Guard needs to begin analysis of requirements, not obligations, and expenses, not costs.

The process of determining requirements is directly dependent upon the capability of unit commanders to analyze and communicate those requirements up through the command hierarchy. As soon as these requirements can be determined,

an allocation of expenses can be made to programs which are supported by the operating facilities. The author feels that the present system of cost-type budgeting establishes a funding level which determines operations and maintenance. This is inappropriate. It is necessary to begin to determine needs not only in terms of controllable and uncontrollable costs but also in terms of fixed, variable and semi-variable costs and to allow the scale of operations and maintenance be the driving force. The Coast Guard should be able to predict the impact specific increases or decreases in operational workload will have on a unit's funding requirements.

2. Industrial Accounting

As described in chapter IV, many support bases around the Coast Guard are operated on a nonindustrial basis. Operations and support are carried out in the same manner as found at industrial bases because they have civilian and military employees providing support to other units; however, no industrial accounting system is used. The danger of non-industrial accounting in a cost-type budget system is that unit operating costs are lost. Although most district engineering staffs indicated that they maintained a close watch on which units received support, the author did not see this information reflected in the Subhead 30 budget process in the districts visited during this research.

These repair facilities at major bases are important because they develop a corps of engineering/maintenance personnel familiar with service equipment and they provide

emergency repair capability governed by a Coast Guard priority system. If these are the reasons for maintaining such facilities and not contracting for commercial support, the Coast Guard should acknowledge them and insure that an industrial accounting system distributes the cost (materials, labor and overhead) of this support to the units and, in turn, to the programs they support.

An industrial accounting process would routinely associate support costs with the receiving units and would present more accurate cost figures for program support costs than the nonindustrial base accounting system.

3. Inventory of Spare Parts

Research indicated that even the routine spare parts required to tune up an engine on a patrol boat were not maintained at several of the units in the sample group. Funding shortages forces units in the sample to buy repair parts for installation when a casualty occurred.

The dollar impact of this situation is substantial. Units are purchasing significant amounts of these parts from commercial sources on an SF 44 purchase document. The cost to the Coast Guard is not simply the premium cost paid by the unit but must include the cost of processing these documents for payment. Since the majority of these items are maintained in the government supply system, they are available at a lower cost by MILSTRIP (the standard internal government procurement document). Unless a major increase in unit funds becomes available, this situation will not be

corrected. In the interim, the author suggests a wider use of imprest funds at the small unit. Unit commanders are already tasked with responsibilities far beyond those associated with the control of small cash amounts.

B. SUBHEAD 30

The primary research question is: Does the Subhead 30 program as currently implemented in the Coast Guard encourage effective resource management at the unit level?

The fundamental criteria for effective resource management are that (1) the manager has the resources required (personnel, equipment, and money) and (2) that he has control of these resources. If these are both true, the next concern is that he use them wisely. Unit commanders have the personnel and equipment. These are given to the unit commander and he has little or no control over the quantity he receives. He does, however, have control over how personnel and equipment are used. The resource, money, is a different matter.

The research described in this thesis indicated that unit commanders did not generally feel that they had sufficient funds to accomplish the operations required of their units and simultaneously maintain these units at a level which they considered appropriate. This is not an unfamiliar circumstance in the military or in the civilian community. And it is not necessarily a bad situation. There are diminishing returns from spending for maintenance, and these may not be

apparent to the unit commander. However, the Coast Guard emphasis on preventive maintenance programs places pressures on unit commanders to allocate resources to these programs.

The question of control of money at the unit level was explored in detail in this thesis. Substantial sums of money, designated by Headquarters for support of operating units, exist outside the control of unit commanders. Of the limited funds targeted for unit control, only 40 per cent were available for the allocation decision process. The author does not feel that unit commanders actually have control of a sufficient amount of money to be considered true resource managers. The process at these units is more appropriately described as responding to casualties rather than weighing alternatives.

In those cases where unit commanders have funds beyond mere casualty response, they place their allocation priority on unit operations equipment. This is appropriate, but the lack of maintenance on shoreside facilities will have an impact on the Coast Guard's long-run capability to continue operations.

The Subhead 30 program as currently implemented does not encourage effective resource management.

C. RECOMMENDATIONS

The Coast Guard should shift to a participatory (bottom-up) budget approach. Unit commanders are capable, with specific direction, of providing useful budget information. This information can be prepared on a timely basis at the

district level in order to be presented to Headquarters within the existing time schedule. This information would not be useful during the initial year in formulating the Congressional Stage Budget. However, it would be a base for analysis in future years and would certainly be of use at Headquarters in allocating funds among subheads and districts for support of program facilities.

Should Headquarters decide to remain with the cost-type budgetary system and continue with the Subhead 30 program, a redefinition of the Subhead 30 program objectives and procedures must be published. This document should have tight controls at all levels, which controls would generate consistent interpretation and implementation. Of particular concern would be a careful definition of the fund control hierarchy at the district level and of items which should be funded from Subhead 30 funds at the unit. This would require a clearer definition of controllable items, with attention drawn to the issue of fixed, variable and semi-variable costs. Consistency throughout the Coast Guard should be an objective of this redefinition.

The author feels that a further reduction of the number of subheads might be beneficial. This would require a specific redefinition of staff functions. If all funds, including Subheads 43, 45, etc., were placed under program manager control, an appropriate staff (personnel) transfer would be required, as well as substantial management training for program managers. The existing subhead funding

control by the engineering staff does not encourage the support manager role.

All of the directives indicate that comptroller staff functions under this program include maintaining accounts and recommending targets. It is the opinion of the author that these should not be the comptroller's functions. As previously mentioned, some comptrollers are making decisions on target increases for operating units. This is a step backward! The comptroller's function should be that of a communication specialist. He must design and operate a financial management communication process between the field unit commander and the program manager. This process must carry enough information in such a format that both parties understand the issues in question and a good decision can be made. The comptroller must act as a facilitator in the decision making process, not as a decision maker.

The author recommends adoption of a unit budget and administrative instruction similar to the model instruction found in Appendix A. This model must define what the unit commander feels are his priority programs and objectives for the next fiscal year and associate costs with them. It then becomes the function of the program manager to analyze these programs and objectives and make a decision. The decision carries with it the acknowledgment that both parties have fulfilled a function in the planning process.

Comptrollers were interested in the program as a potential evaluation mechanism for unit commanders. Adoption of

the above general model design would provide information about the unit commander's capability to perform unit need analysis and also about his capability to carry out the programs outlined in his budget. This would be a more reasonable management evaluation program procedure than simply observing whether unit commanders turn back funds at the end of the fiscal year.

D. RECOMMENDATIONS FOR FURTHER STUDY

1. The Coast Guard is presently building 41 foot patrol boats as replacements for the older 40 foot patrol boats. Fuel consumption information should be gathered as data inputs for future operations funding planning. This new boat also has an operating and maintenance manual. Estimates of the cost to perform specified preventive maintenance programs should be made and distributed to operating commands.

2. A large sample of operating units throughout the Coast Guard should be randomly selected and used to develop sample information similar to the budgets in the ten-unit sample in this thesis. This information could be used for the following types of analysis:

- a. Developing better estimates of operating and maintenance costs for use in the budget process.
- b. Allocating operating expenses to mission programs.
- c. Linear regression analysis of costs with such variables as hours of operation, number of operational cases, hours of underway training, age of boats, etc.



DEPARTMENT OF TRANSPORTATION UNITED STATES COAST GUARD

MAILING ADDRESS:

GRUCOM _____ INST. 7132.1

GROUP _____ INSTRUCTION 7132.1

Subj: Small Unit Administration and Budget Program

Ref: (a) COMDTINST 7132.7A dtd 10 Feb 1972
 (b) CCGD INST. 7132.2 dtd 27 Aug 1971
 (c) COMDTNOTE 7132 dtd 18 May 1972
 (d) CCGD OPLAN NO. 1-YR COMPT. SUPL. APPENDIX III TO ANNEX Q
 (e) CG CIVIL ENGINEERING MANUAL CG 251
 (f) CG NAVAL ENGINEERING MANUAL CG 314
 (g) CCGD INST. 11014.2A dtd 16 Oct 1972

1. Purpose. This instruction provides guidance to group units for preparation of Budgets and Administration of Subhead Thirty funds.

2. Cancellation. Group _____ Instruction 7100.

3. Discussion.

a. The Commandant has directed operating facilities (OPFAC) units to establish budgets based on costs of routine operation and maintenance. These costs shall be categorized by type of expenditure (i.e. boat maintenance, housekeeping, etc.) and shall be combined into one fund, Subhead Thirty. When budgets are prepared, these categories (expense categories) should be analyzed by the unit for anticipated needs based on planned operations and preventative maintenance programs (Planned Obligation Program). Planned preventative maintenance is the key to keeping a unit ready to meet operational requirements. The Naval Engineering Manual and the Civil Engineering Manual provide procedures for establishing a maintenance program. District OPLAN 1-YR Annex Q further amplifies these procedures. A planned maintenance program is also the primary source of determining budgetary requirements. Such a program is necessary to provide specific, detailed information to support funding requests submitted both to the district and Coast Guard Headquarters. In general the total of these planned maintenance expenses plus all routine recurring expenses and the cost of Allowance List/Title B property replacement shall equal the unit's budget needs. After these budget requests are submitted to the Group Commander and funding levels are assigned, the unit shall modify their proposed budget to fit within the authorized unit Subhead 30 Fund.

b. Three general subheads support small units: SH 30 (routine operation and maintenance), SH 43 (major shore maintenance and SH 45 (major

boat/ship maintenance). A recent Commandant Notice (ref c) serves as a guide for all units to help identify the difference between major over-half/repair (SH 43/45) and routine operating and maintenance expenses (SH 30). The general concept is that any maintenance which is within the capabilities of personnel assigned to the unit (CG 311) shall be funded by district SH 43/45.

(1) Subhead 43 funding shall be limited to the following general categories: Items or categories other than these shall be charged to Subhead 30.

(a) Major equipment used for the operation or maintenance of shore structures. "Major" equipment shall be defined as individual items costing over \$1000.00 each (generators, compressors, hydraulic lifts, etc.).

(b) All vehicle procurement.

(c) Materials and services necessary for major repair, rebuilding, improvement, alterations, and rehabilitation to shore structures, equipment and facilities. "Major" shall be defined as individual projects costing over \$1000.00 each.

(d) All casualty damages.

(2) Casualty damage costs related to small boats which are proper for charge to SH 45 should be limited to major overhauls and repairs necessary to restore small boats to operational capability after storm, grounding, ice, explosion, fire, collision or other extraordinary events. All other repairs including BOATALTS, minor electronic repairs, minor costs resulting from striking submerged objects, costs incurred as a result of premature engine failures and other similar costs should be funded under Subhead 30.

c. The avenue necessary for units to receive funding from these subheads is through the budget process and planned obligation programs. It is necessary to support requests for funding with the appropriate type of supporting document. A system already exists for SH 43 and SH 45.

(1) The Civil Engineering Manual (Ref e) requires all shore units to perform an annual civil engineering inspection of the station and to prepare Shore Station Maintenance Records (SSMR's). A modified check-off list is provided for use within Group _____. This list will be helpful in preparing SSMR's.

(2) The Naval Engineering Manual (Ref f) requires the periodic inspection of boats and cutters and the preparation of the Current Ships Maintenance Program (CSMP). A modified check-off list is provided for use at Group OPFAC units with small boats (65' and less). Cutters 75' and above shall use guidance provided in Ref (f) for periodic inspections.

d. The Subhead 30 budget procedure outlined below will utilize these general procedures and yield a supportable program without new and elaborate requirements. The following priority system shall be used in describing all budgetary items:

Priority 1 (Urgent): Items that involve unit or personnel safety and must be accomplished to enable the unit to carry out operational commitments.

Priority 2 (Necessary): Items that should be accomplished if time and funds permit but could be postponed without serious impairment of the unit's commitments.

Priority 3 (Desirable): Items that increase the efficiency of the unit or comfort of its personnel but may be safely postponed.

4. Action

a. All units shall conduct an inspection of shore stations and boats using check-off lists provided by 31 December of each year. Group Engineering will assist where necessary.

b. From the findings of the inspection all units shall prepare SSMR's and CSMP's for all work considered necessary. These cards shall include cost of materials and man hours necessary for completion of the work. Cards subject to SH 43 or SH 45 funding shall be forwarded to CCGD _____ (ene or ecv) via Group Commander for inclusion in district engineering backlog. Cards subject to SH 30 funding will be forwarded to Group Commander for endorsement and support of unit budget. If these SH 30 funded projects involve major alterations to the unit or its boats, these will be forwarded to district for information or technical assistance.

c. All units will review previous two years spending to determine nature and cost of routine recurring expenses (wax, office supplies, etc.).

d. All units shall review plant property for planned replacement, Boards of Survey shall be accomplished as appropriate and used to support unit budget.

e. All units shall prepare an annual budget request using SH 30 SSMR's, CSMP's routine recurring expenses and allowance List/Title B property replacement as supporting documents and submit it to the Group Commander, _____ not later than 1 January of each year. These will be forwarded to district for inclusion in CCGD _____ budget request. Certainly these programs will need revising during the year and within each quarter. Twenty days prior to the beginning of each quarter all units shall submit to the Group Commander a revised quarterly budget for the pending quarter (Referencing and/or including supporting documents).

f. During the year, the units shall notify the group of all completed SSMR's and CSMP's. They shall include actual dollar costs and man hours expended.

g. Based on budget requests, each unit will receive additional funding from Commander, Group _____.

5. Conclusion.

Many unit CO/OINC's are concerned because they receive insufficient funds to properly maintain their units. To justify increased funds, you must demonstrate where your funds are going, that they are being properly expended, and that you need more. The existing planned maintenance programs are a good way of doing this. For this reason the Group Commander has decided to use these programs to support annual/quarterly budgets. The shift to the SH 30 concept says that you as CO/OINC's are capable of managing your unit. Management, unfortunately, means paperwork. It means analyzing your needs and reducing them to writing. Vague outcrys for money to support needed programs fall on deaf ears. Specific detailed work programs based on real needs yield money. Since funds will probably never be sufficient for total requirements, lower priority items should be deferred until near the end of the quarter to provide a contingency for emergency needs. Should additional funding be required, requests shall be submitted to Group Commander in accordance with Ref (d).

ENCL: (1) Sample Annual Budget Request
(2) Sample Quarterly Budget Request

DIST: A: all
B: all

APPENDIX B
FY 1974
Budget Proposal

<u>PRIORITY I</u>	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Routine Recurring	1,010.35	825.42	859.84	940.78
Equipment	1,094.40	422.20	65.00	789.37
Work Projects	<u>2,767.70</u>	<u>2,834.95</u>	<u>907.89</u>	<u>1,248.56</u>
Total	4,872.45	4,082.57	1,832.73	2,978.71
 <u>PRIORITY II</u>				
Equipment	1,283.87	498.30	606.37	316.51
Work Projects	<u>1,842.70</u>	<u>293.83</u>	<u>4,722.30</u>	<u>457.07</u>
Total	2,826.57	792.13	5,378.67	773.58
 <u>PRIORITY III</u>				
Equipment	-0-	635.12	116.05	469.12
Work Projects	<u>-0-</u>	<u>25.00</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>-0-</u>	<u>660.12</u>	<u>116.05</u>	<u>469.12</u>
 TOTAL	7,699.02	5,534.82	7,327.44	4,221.41

ROUTINE RECURRING EXPENSES

#	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	ITEM	AMOUNT	ITEM	AMOUNT	ITEM	AMOUNT	ITEM	AMOUNT
	Orkin	30.00	Orkin	30.00	Orkin	30.00	Orkin	30.00
	National Linen	140.00	Linen	140.00	Linen	140.00	Linen	140.00
	Fire Extinguishers Test	75.00	Film (poloroid)	10.00	Rakes 3750-903-0720 Shovels 5120-293-3331	10.00	Scupper Bale 2050-301-4067	79.00
	Lamps, Misc.	25.00	Lamps, Misc.	25.00	Lamps, Misc.	25.00	Lamps, Misc.	25.00
	Compactor bags	57.00	Compactor bags	57.00	Compactor bags	57.00	Compactor bags	57.00
	Rental Carpet Shampooer	16.00	Rental Carpet Shampooer	16.00	Rental Carpet Shampooer	16.00	Rental Carpet Shampooer	16.00
	Page box	72.00	Page box	72.00	Page box	72.00	Page box	72.00
	Office supplies	30.00	Office supplies	30.00	Office supplies	30.00	Office supplies	30.00
	Teletype paper 7530-285-5839	42.00	Teletype paper 7530-285-5839	53.00	Teletype paper 5730-285-5839	42.00	Teletype paper 5730-285-5839	53.00
	Scouring powder 7930-721-8592	14.00	Scouring powder 7930-721-8592	14.00	Scouring powder 7930-721-8592	14.00	Scouring powder 7930-721-8592	14.00

ROUTINE RECURRING EXPENSES

#	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	ITEM	AMOUNT	ITEM	AMOUNT	ITEM	AMOUNT	ITEM	AMOUNT
	Bilge cleaner 6850-559-2836	44.00	T-paper 8540-530-3769	22.00	Bilge cleaner 6850-559-2836	44.00	T-paper 8540-530-3769	22.00
	Lube oil 9150-181-8097	35.00	Lube oil 9150-181-8097	35.00	Lube oil 9150-181-8097	35.00	Lube oil 9150-181-8097	35.00
	Nylon rope 4020-G00-2077	103.00	Nylon rope 4020-G00-2081	36.17	Light marker Distress 6230-299-5653	12.24	Sash Cord 4020-285-4196 Line poly 4020-599-7529	20.00 12.90
	Rags 7920-205-1711	22.00	Rags 7920-205-1711	22.00	Rags 7920-205-1711	22.00	Rags 7920-205-1711	22.00
	Battery 6135-835-7211	4.80	Battery 6135-835-7211	4.80	Battery 6135-835-7211	4.80	Battery 6135-835-7211	4.80
	Flashlight 6230-781-3671	3.00	Flashlight 6230-781-3671	3.00	Flashlight 6230-781-3671	3.00	Flashlight 6230-781-3671	3.00
	Ammonia 6810-527-2476	4.50	Brushes/scrapper Misc. 15.00	20.00	Ammonia 6810-527-2476	4.50	Brushes/scrapper Misc. 15.00	20.00
	Disinfectant 6840-530-7109	12.00	Flags, national 8345-656-1435 (8.60) CG 8345-242-0274	20.00	Disinfectant 6840-530-7109	12.00	Flags, national 8345-656-1435 (8.60)	20.00

ROUTINE RECURRING EXPENSES

#	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	ITEM	AMOUNT	ITEM	AMOUNT	ITEM	AMOUNT	ITEM	AMOUNT
	Towels, paper 8540-262-7178	6.60	Towels, paper 8540-262-7178	6.60	Towels, paper 8540-262-7178	6.60	Towels, paper 8540-262-7178	16.60
	Sponges, mops, Buckets	5.00	Paint brushes sand paper, paint misc.	30.00	Sponges, mops, Buckets	5.00	Paint brushes, sand paper, paint misc.	30.00
	Misc. tools	10.00	Misc. tools	10.00	Misc. tools	10.00	Misc. tools	10.00
	Misc. galley	35.00	Misc. galley	35.00	Misc. galley	35.00	Misc. galley	35.00
	Foam (5) 4210-223-9877	33.00	Hand cleaner 8520-782-2183 8520-270-0258	2.60 2.40	Foam (5) 4210-223-9877	33.00	Hand cleaner 8520-782-2183 8520-270-0258	2.60 2.40
	Misc. Bosc Supplies	50.00	Misc. Bosc Supplies	50.00	Misc. Bosc Supplies	50.00	Misc. Bosc Supplies	50.00
	Vacuum cleaner bags OPS	35.00	Plumbing misc.	10.00	Vacuum cleaner bags	35.00	Plumbing supplies Misc.	10.00
	Bags, plastic 8105-658-8282	10.20	Bags, plastic 8105-658-8282	5.10	Bags, plastic 8105-658-8282	10.20	Bags, plastic 8105-658-8282	5.10
	Electronics misc.	50.00	Electronics misc	50.00	Electronics misc	50.00	Electronics misc	50.00
	Electronic calibration & testing	46.25	Electronic calibration & testing	48.75	Electronic calibration & testing	51.50	Electronic calibration & testing	38.38

GENERAL EQUIPMENT / ALLOWANCE LIST REPLACEMENT

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	ITEM Suction hose 9C 4720-221-8763 COST 58.20 PRIORITY 1 CATEGORY 2648	ITEM Typewriter COST 150.00 PRIORITY 1 CATEGORY 2644 NOS	ITEM Spot light 44' 6230-LG1-7134 COST 30.00 PRIORITY 1 CATEGORY 2645	ITEM \$8.00 (15) \$16.00 (15) Life preservers COST 361.35 PRIORITY 1 CATEGORY 2645
	ITEM Toaster 9G 7310-272-7891 COST 64.00 PRIORITY 1 CATEGORY 2644 BOS #	ITEM Firehose 2½" (3) 9C 4210-202-8189 COST 272.20 PRIORITY 1 CATEGORY 2645	ITEM Stopwatch 6645-250-4680 COST 18.40 PRIORITY 1 CATEGORY 2645	ITEM Lawn mower 3750-103-9989 COST 81.00 PRIORITY 1 CATEGORY 2644
	ITEM Loudhailer COST 55.00 PRIORITY 1 CATEGORY 2645 BOSN #	ITEM Nozzle 1½" 9C 4210-392-2943 COST 30.60 PRIORITY 2 CATEGORY 2645	ITEM Fog nozzle 4' appl 4210-372-0864 COST 16.60 PRIORITY 1 CATEGORY 2645	ITEM P-60 pump 4320-033-6485 COST 347.02 PRIORITY 1 CATEGORY 2645

GENERAL EQUIPMENT / ALLOWANCE LIST REPLACEMENT

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	<p>ITEM Air conditioner</p> <p>COST 560.00</p> <p>PRIORITY 1</p> <p>CATEGORY 2644</p> <p>30S</p>	<p>10' appl.</p> <p>ITEM fog nozzle</p> <p>9C 4210-372-0364</p> <p>COST 19.50</p> <p>PRIORITY 2</p> <p>CATEGORY 2645</p>	<p>ITEM Coffee pot</p> <p>CG 7330-G00-1879</p> <p>COST 26.52</p> <p>PRIORITY 2</p> <p>CATEGORY 2644</p>	<p>Multi-meter</p> <p>ITEM Simpson meter</p> <p>COST 55.00</p> <p>PRIORITY 2</p> <p>CATEGORY 2644</p>
	<p>ITEM Firehose 1½" (9)</p> <p>9C 4210-202-8189</p> <p>COST 272.20</p> <p>PRIORITY 1</p> <p>CATEGORY 2645</p>	<p>Nozzle</p> <p>ITEM Foam pickup</p> <p>4210-225-6225</p> <p>COST 43.20</p> <p>PRIORITY 2</p> <p>CATEGORY 2645</p>	<p>ITEM Clock Marine</p> <p>6645-224-8629</p> <p>COST 45.00</p> <p>PRIORITY 2</p> <p>CATEGORY 2645</p>	<p>ITEM Locker steel (4)</p> <p>7125-530-1938</p> <p>COST 38.00</p> <p>PRIORITY 2</p> <p>CATEGORY 2644</p>
	<p>ITEM Coffee pot</p> <p>CG 7330-G00-1879</p> <p>COST 26.52</p> <p>PRIORITY 2</p> <p>CATEGORY 2644</p>	<p>12,000 (2)</p> <p>ITEM Air conditioner</p> <p>COST 280.00</p> <p>PRIORITY 2</p> <p>CATEGORY 2644</p>	<p>ITEM Drop pump</p> <p>4320-G00-1911</p> <p>COST 242.50</p> <p>PRIORITY 2</p> <p>CATEGORY 2645</p> <p>BOSN #</p>	<p>18,000</p> <p>ITEM Air conditioner</p> <p>COST 173.51</p> <p>PRIORITY 2</p> <p>CATEGORY 2644</p> <p>BOS #</p>

GENERAL EQUIPMENT / ALLOWANCE LIST REPLACEMENT

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Bed, walnut (10ea) ITEM Mattress & box springs COST <u>371.00</u> PRIORITY <u>2</u> CATEGORY <u>2644</u> Add for allowance list	ITEM Spot light 30' COST <u>50.00</u> PRIORITY <u>2</u> CATEGORY <u>2645</u>	8,500 (2) ITEM Air Conditioner COST <u>260.00</u> PRIORITY <u>2</u> CATEGORY <u>2644</u>	ITEM Hip boots (20) COST <u>146.00</u> PRIORITY <u>3</u> CATEGORY <u>2644</u>
	ITEM Air compressor COST <u>339.95</u> PRIORITY <u>2</u> CATEGORY <u>2644</u>	ITEM Prop puller COST <u>75.00</u> PRIORITY <u>2</u> CATEGORY <u>2645</u>	ITEM Fire Axe (3) 9Q 5110-720-0711 COST <u>7.95</u> PRIORITY <u>2</u> CATEGORY <u>2645</u>	ITEM Spray gun, paint 4930-670-2930 COST <u>23.80</u> PRIORITY <u>3</u> CATEGORY <u>2644</u>
	ITEM Nozzle 2 1/2 (2) 9C 4210-342-2944 COST <u>46.40</u> PRIORITY <u>2</u> CATEGORY <u>2648</u>	ITEM Desk (2) 7110-782-3145 COST <u>168.00</u> PRIORITY <u>3</u> CATEGORY <u>2644</u>	Firehose ITEM Siamese connection 9C 4210-255-0234 COST <u>24.40</u> PRIORITY <u>2</u> CATEGORY <u>2645</u>	ITEM Rain gear (23 pr) COST <u>371.22</u> PRIORITY <u>3</u> CATEGORY <u>2645</u> Add

GENERAL EQUIPMENT / ALLOWANCE LIST REPLACEMENT

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	ITEM Chair office (2) 7110-782-350 COST 40.20 PRIORITY 3 CATEGORY 2644	Table, ITEM mess deck (4) 7105-058-1835 COST 143.00 PRIORITY 3 CATEGORY 2644	ITEM Timing light COST 26.95 PRIORITY 3 CATEGORY 2644	ITEM Aural protector 1R 4240-759-3290 COST 14.10 PRIORITY 3 CATEGORY 2645 Add & replacement
	ITEM Skillsaw COST 55.00 PRIORITY 3 CATEGORY 2644	Step ladder (2) ITEM 5440-514-4435 11.50 5440-514-4487 - 22.10 COST 33.60 PRIORITY 3 CATEGORY 2644	ITEM Vice 8" Jaw 5120-293-0110 COST 75.00 PRIORITY 3 CATEGORY 2644	ITEM Ping Pong table COST 25.00 PRIORITY 3 CATEGORY 2655
	ITEM Clock, wall 6645-530-3342 COST 4.35 PRIORITY 3 CATEGORY 2644	Drapes - hooks (3.80) ITEM Sears 14 @ 17.49 Rods (14) (2.99) COST 290.52 PRIORITY 3 CATEGORY 2644	Non-Elec. ITEM Rug Shampooer 7910-157-9777 COST 14.10 PRIORITY 3 CATEGORY 2644	ITEM Food Mixer COST 35.00 PRIORITY 3 CATEGORY 2644

MAJOR WORK PROJECTS

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	CSMP 001-44 Semi-annual dry docking 44'	CSMP 006-44 Remove water closet	CSMP 009-44 Complete Boat ALT #44 (MLB(S)-38)	CSMP 004-44 Nylon dodger for protection of COs
	COST 1,320.00	COST 175.00	COST 25.00	COST 300.00
	CATEGORY	CATEGORY BOATALT (S)-33	CATEGORY BOATALT (S)-38	CATEGORY BOATALT (S)-23
	PRIORITY 2	PRIORITY 2	PRIORITY 2	PRIORITY 2
	CSMP 02-16 16' boat trailer painting	SSMR 03-72 White work & trim	SSMR 02-73 Paint Gen. Shack	SSMR 01-73 Paint ext house
	COST 75.00	COST 41.68	COST 14.20	COST 136.03
	CATEGORY	CATEGORY	CATEGORY	CATEGORY
	PRIORITY 2	PRIORITY 2	PRIORITY 2	PRIORITY 2

MAJOR WORK PROJECTS

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	SSMR 04-73 Prepare & Paint pumphouse COST 17.88 CATEGORY PRIORITY 2	SSMR 06-73 Paint Boswn locker COST 43.33 CATEGORY PRIORITY 2	SSMR 07-73 Paint 2nd deck COST 16.14 CATEGORY PRIORITY 2	SSMR 08-73 3rd Deck painting COST 12.35 CATEGORY PRIORITY 2
	CSMP 002-44 Flexible hoses Replacement COST 400.00 CATEGORY PRIORITY 1	CSMP 03-44 Prop shaft replacement COST 1,500.00 CATEGORY BOATALT (S)-21 PRIORITY 1	CSMP 01-30 Semi-annual dry docking 30' COST 330.00 CATEGORY PRIORITY 1	CSMP 10-44 Painting of 44' COST 40.00 CATEGORY PRIORITY 1

MAJOR WORK PROJECTS

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	CSMP 005-44 Install body rollers COST 100.00 CATEGORY PRIORITY 1	CSMP 002-30 Annual routine maintenance COST 32.00 CATEGORY PRIORITY 1	CSMP 006-30 Install N-60 mount COST 400.00 CATEGORY BOATALT (P)-25 PRIORITY 1	CSMP 11-44 Routine maintenance of Eng. COST 677.16 CATEGORY PRIORITY 1
	CSMP 01-30 Semi-annual dry docks 25' COST 330.00 CATEGORY PRIORITY 1	CSMP 005-30 Main eng. overhaul COST 1,026.81 CATEGORY PRIORITY 1	CSMP 001-25 Haul & launch COST 150.00 CATEGORY PRIORITY 1	CSMP 003-30 Replace Morse control COST 91.40 CATEGORY PRIORITY 1

MAJOR WORK PROJECTS

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	CSMP 004-30 Remove hoses & replace	CSMP 02-30 Main eng. overhaul	CSMP 01-16 16' routine painting	CSMP 007-30 BOATALT 30(OT)P-24
	COST 400.00	COST 226.14	COST 27.89	COST 300.00
	CATEGORY	CATEGORY	CATEGORY	CATEGORY BOATALT (P)-24
	PRIORITY 1	PRIORITY 1	PRIORITY 1	PRIORITY 1
	CSMP 001-25 Haul & launch & fiberglass soft spot	CSMP 05-25 Semi annual painting	CSMP 001-44 Semi annual dry docking 44'	CSMP 003-30 Rewire
	COST 1,500.00	COST 40.00	COST 1,050.00	COST 100.00
	CATEGORY	CATEGORY	CATEGORY	CATEGORY
	PRIORITY 1	PRIORITY 1	PRIORITY 2	PRIORITY 1

MAJOR WORK PROJECTS

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	CSMP 004-25 Morse control replacement COST 37.70 CATEGORY PRIORITY 1	CSMP 03-16 Tune up on O/B COST 10.00 CATEGORY PRIORITY 1	CSMP 007-44 Misc replacement of Elec. BOATALT COST 3,600.00 CATEGORY BOATALT (S)-34 PRIORITY 2	CSMP 05-25 Semi annual painting COST 40.00 CATEGORY PRIORITY 1
	SSMR 05-73 Paint 1st deck COST 29.26 CATEGORY PRIORITY 2	SSMR 10-73 Paint basement COST 33.82 CATEGORY PRIORITY 2	SSMR 11-73 Paint roof of house COST 66.96 CATEGORY PRIORITY 2	SSMR 12-73 Paint Fire Sta COST 8.69 CATEGORY PRIORITY 2

MAJOR WORK PROJECTS

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	SSIR 09-73 Boat house, Paint COST <u>100.56</u> CATEGORY _____ PRIORITY <u>2</u>	CSMP 008-44 Install safety line pad eyes COST <u>25.00</u> CATEGORY BOATALT (S)-37 PRIORITY <u>3</u>		
	COST _____ CATEGORY _____ PRIORITY _____	COST _____ CATEGORY _____ PRIORITY _____		
	COST _____ CATEGORY _____ PRIORITY _____	COST _____ CATEGORY _____ PRIORITY _____		

APPENDIX C
FY 1974
Budget Proposal

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
<u>PRIORITY I</u>				
Routine Recurring	1,240.00	1,205.00	1,240.00	1,205.00
Equipment	889.31	1,060.00	832.82	952.69
Work Projects	221.86	343.83	83.94	119.40
	<hr/>	<hr/>	<hr/>	<hr/>
Total	2,351.17	2,608.83	2,156.76	2,277.09
 <u>PRIORITY II</u>				
Equipment	634.29	539.14	518.38	519.46
Work Projects	51.00	19.80	239.25	214.80
	<hr/>	<hr/>	<hr/>	<hr/>
Total	685.29	558.94	757.63	734.26
 <u>PRIORITY III</u>				
Equipment	132.14	79.64	213.84	84.28
Work Projects	-0-	-0-	-0-	-0-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	132.14	79.64	213.84	84.28
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	3,168.60	3,247.41	3,128.23	3,095.63

ROUTINE RECURRING EXPENSES

#	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	ITEM	AMOUNT	ITEM	AMOUNT	ITEM	AMOUNT	ITEM	AMOUNT
	Office Supplies	37.00	Office Supplies	37.00	Office Supplies	37.00	Office Supplies	37.00
	Operation Supplies (flags, train'g Nav. inst. distress kits, etc.)	35.00	Operation Supplies	35.00	Operation Supplies	35.00	Operation Supplies	35.00
	Paint (Misc. ex., spray paint, brushes)	25.00	Paint	25.00	Paint	25.00	Paint	25.00
	Gunnery, Springs, grease	10.00	Gunnery	10.00	Gunnery	10.00	Gunnery	10.00
	Commissary Supplies (Messcook hats, dishes, silverware, cups, etc)	40.00	Commissary Supplies	40.00	Commissary Supplies	40.00	Commissary Supplies	40.00
	Cleaning gear (deck) Paper towels cleanser, toilet paper, soap, brass polish, etc.	28.00	Cleaning gear	28.00	Cleaning gear	28.00	Cleaning gear	28.00
	Deck hardware hand tools	19.00	Deck hardware, hand tools	19.00	Deck hardware, hand tools	19.00	Deck hardware, hand tools	19.00

ROUTINE RECURRING EXPENSES

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	ITEM Berthing area 19.00 supplies (blankets, pillows, spreads)	ITEM Berthing area 19.00 supplies	ITEM Berthing area 19.00 supplies	ITEM Berthing area 19.00 supplies
	Foul wthr gear 20.00 replacement	Foul wthr gear 20.00	Foul wthr gear 20.00	Foul wthr gear 20.00
	Deck software 50.00 (line, tape, gloves, life preservers, etc.)	Deck software 50.00	Deck software 50.00	Deck software 50.00
	Deck (misc) 5.00	Deck (misc) 5.00	Deck (misc) 5.00	Deck (misc) 5.00
	Linen service 90.00	Linen service 90.00	Linen service 90.00	Linen service 90.00
	Exterminator 30.00 Service	Exterminator 30.00 Service	Exterminator 30.00 Service	Exterminator 30.00 Service
	Fire exting. 20.00 test/charge	Fire exting. 20.00 test/charge	Fire exting. 20.00 test/charge	Fire exting. 20.00 test/charge
	Eng. hand tool 44.00 replace.	Eng. hand tool 44.00 replace.	Eng. hand tool 44.00 replace.	Eng. hand tool 44.00 replace.
	Eng. filters 150.00	Eng. filters 150.00	Eng. filters 150.00	Eng. filters 150.00
	Electrical 225.00 Supplies (light bulbs, switches, brushes, fuses, etc)	Electrical 225.00	Electrical 225.00	Electrical 225.00

ROUTINE RECURRING EXPENSES

#	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	ITEM	AMOUNT	ITEM	AMOUNT	ITEM	AMOUNT	ITEM	AMOUNT
	Engine Room Gauge replacement	50.00	Gauges	50.00	Gauges	50.00	Gauges	50.00
	Engineering parts	120.00	Engineering parts	120.00	Engineering parts	120.00	Engineering parts	120.00
	Lube oil, grease	85.00	Lube oil, grease	85.00	Lube oil, grease	85.00	Lube oil, grease	85.00
	DC equipment (shoring, fire hoses, axes, etc) OBA cannister, foam	30.00	DC equipment	30.00	DC equipment	30.00	DC equipment	30.00
	Outboard motor parts	5.00	Outboard motor parts	5.00	Outboard motor parts	5.00	Outboard motor parts	5.00
	Engineering misc (zincs, acid, gas cans, etc)	28.00	Engineering misc	28.00	Engineering misc	28.00	Engineering misc	28.00
	Eng. cleaning gear (rags, solvent, etc)	40.00	Cleaning gear	40.00	Cleaning gear	40.00	Cleaning gear	40.00
	Life ring light (strobe)	35.00			Life ring light (strobe)	35.00		

GENERAL EQUIPMENT / ALLOWANCE LIST REPLACEMENT

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	<p>ITEM <u>Outboard Motor</u></p> <p>COST <u>589.00</u></p> <p>PRIORITY <u>I</u></p> <p>CATEGORY <u>2645</u></p> <p>Survey #<u>CF-003-72</u></p>	<p>ITEM <u>Air conditioners</u></p> <p>COST <u>1,060.00</u></p> <p>PRIORITY <u>I</u></p> <p>CATEGORY <u>2625</u></p> <p>Survey #<u>CF-006-72</u></p>	<p>ITEM <u>Typewriter</u></p> <p>COST <u>145.00</u></p> <p>PRIORITY <u>I</u></p> <p>CATEGORY <u>3144</u></p> <p>Survey #<u>CF-009-72</u></p>	<p>ITEM <u>Eyeguard, Binoculars</u></p> <p>COST <u>10.50</u></p> <p>PRIORITY <u>I</u></p> <p>CATEGORY <u>2544</u></p>
	<p>ITEM <u>Hose, 3" Hard</u></p> <p>COST <u>66.00</u></p> <p>PRIORITY <u>I</u></p> <p>CATEGORY <u>2625</u></p> <p>Survey #<u>CF-002-72</u></p>	<p>ITEM <u>Clock, 24 hr. 8$\frac{1}{2}$"</u></p> <p>COST <u>73.79</u></p> <p>PRIORITY <u>II</u></p> <p>CATEGORY <u>2634</u></p> <p>Survey #<u>CG-011-72</u></p>	<p>ITEM <u>OBA</u></p> <p>COST <u>104.00</u></p> <p>PRIORITY <u>I</u></p> <p>CATEGORY <u>2634</u></p> <p>Survey #<u>CF-004-72</u></p>	<p>ITEM <u>Foghorn, mechanical</u></p> <p>COST <u>161.00</u></p> <p>PRIORITY <u>I</u></p> <p>CATEGORY <u>2544</u></p>
	<p>ITEM <u>Rope, 2" towing</u></p> <p>COST <u>76.00</u></p> <p>PRIORITY <u>I</u></p> <p>CATEGORY <u>2544</u></p> <p>Survey #<u>CF-015-72</u></p>	<p>ITEM <u>Sander, Rotary</u></p> <p>COST <u>38.00</u></p> <p>PRIORITY <u>II</u></p> <p>CATEGORY <u>3144</u></p> <p>Survey #<u>CF-017-72</u></p>	<p>ITEM <u>OBA carrying case</u></p> <p>COST <u>36.00</u></p> <p>PRIORITY <u>I</u></p> <p>CATEGORY <u>2634</u></p> <p>Survey #<u>CF-005-72</u></p>	<p>ITEM <u>Blower, electric</u></p> <p>COST <u>159.65</u></p> <p>PRIORITY <u>I</u></p> <p>CATEGORY <u>2544</u></p>

GENERAL EQUIPMENT / ALLOWANCE LIST REPLACEMENT

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	<p>ITEM Aural protectors</p> <p>COST 2 @ 4.70 = 9.40</p> <p>PRIORITY I</p> <p>CATEGORY 2544</p>	<p>ITEM Gas blow torch</p> <p>COST 28.00</p> <p>PRIORITY II</p> <p>CATEGORY 2544</p> <p>Survey #CF-023-72</p>	<p>ITEM Binoculars</p> <p>COST 247.00</p> <p>PRIORITY I</p> <p>CATEGORY 2544</p> <p>Survey #CF-008-72</p>	<p>ITEM Chain hoist 1 ton</p> <p>COST 40.00</p> <p>PRIORITY I</p> <p>CATEGORY 2544</p>
	<p>ITEM Fenders, 8"x30"</p> <p>COST 2 @ 15.50 = 31.00</p> <p>PRIORITY I</p> <p>CATEGORY 2544</p>	<p>ITEM Chair, upholstered</p> <p>COST 76.00</p> <p>PRIORITY II</p> <p>CATEGORY 2544</p> <p>Survey #CF-025-72</p>	<p>ITEM Cover, Gun</p> <p>COST 50.00</p> <p>PRIORITY I</p> <p>CATEGORY 2544</p> <p>Survey #CF-022-72</p>	<p>ITEM Mittens, asbestos</p> <p>COST 4.36</p> <p>PRIORITY I</p> <p>CATEGORY 2544</p>
	<p>ITEM Megaphone</p> <p>COST 6.51</p> <p>PRIORITY I</p> <p>CATEGORY 2544</p>	<p>ITEM Frying Pan</p> <p>COST 19.00</p> <p>PRIORITY II</p> <p>CATEGORY 2634</p> <p>Survey #CF-029-72</p>	<p>M.E. heat Exch. ITEM Zinc protectors</p> <p>COST 16 @ 3.13 = 50.82</p> <p>PRIORITY I</p> <p>CATEGORY 2635</p>	<p>ITEM Padlock set</p> <p>COST 6.83</p> <p>PRIORITY I</p> <p>CATEGORY 2544</p>

GENERAL EQUIPMENT / ALLOWANCE LIST REPLACEMENT

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	<p>ITEM <u>Dayshape, diamond</u></p> <p>COST <u>2@ 30.00 = 60.00</u></p> <p>PRIORITY <u>I</u></p> <p>CATEGORY <u>2544</u></p>	<p>ITEM <u>Jacket, cold wx</u></p> <p>COST <u>5@ 11.00 = 55.00</u></p> <p>PRIORITY <u>II</u></p> <p>CATEGORY <u>2634</u></p>	<p>M.E. clarifice ITEM <u>filters</u></p> <p>COST <u>16@ 4.40 = 74.80</u></p> <p>PRIORITY <u>I</u></p> <p>CATEGORY <u>2644</u></p>	<p>ITEM <u>Fenders 4"x72"</u></p> <p>COST <u>2@ 13.00 = 26.00</u></p> <p>PRIORITY <u>I</u></p> <p>CATEGORY <u>2544</u></p>
	<p>Air filtering ITEM <u>Respirator</u></p> <p>COST <u>2@ 25.70 = 51.40</u></p> <p>PRIORITY <u>I</u></p> <p>CATEGORY <u>2544</u></p>	<p>Swim fins ITEM <u>Asst. sizes</u></p> <p>COST <u>25.76</u></p> <p>PRIORITY <u>II</u></p> <p>CATEGORY <u>2544</u></p>	<p>ITEM <u>Camera, Kodak</u></p> <p>COST <u>100.00</u></p> <p>PRIORITY <u>I</u></p> <p>CATEGORY <u>2544</u></p>	<p>ITEM <u>Binoculars</u></p> <p>COST <u>247.00</u></p> <p>PRIORITY <u>I</u></p> <p>CATEGORY <u>2544</u></p>
	<p>ITEM <u>Psychrometer case</u></p> <p>COST <u>28.00</u></p> <p>PRIORITY <u>II</u></p> <p>CATEGORY <u>2544</u></p> <p>Survey #CF-013-72</p>	<p>ITEM <u>Swim mask</u></p> <p>COST <u>2@ 5.59 = 11.18</u></p> <p>PRIORITY <u>II</u></p> <p>CATEGORY <u>2544</u></p>	<p>ITEM <u>Life preserver, CO2</u></p> <p>COST <u>18.70</u></p> <p>PRIORITY <u>I</u></p> <p>CATEGORY <u>2544</u></p>	<p>ITEM <u>Graphnel 12"</u></p> <p>COST <u>13.00</u></p> <p>PRIORITY <u>I</u></p> <p>CATEGORY <u>2544</u></p>

GENERAL EQUIPMENT / ALLOWANCE LIST REPLACEMENT

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	ITEM <u>Fan, Exhaust</u> COST <u>20 100.00 = 200.00</u> PRIORITY <u>II</u> CATEGORY <u>2544</u> Survey #CF-007-72	ITEM <u>Halyard, signal</u> COST <u>46.00</u> PRIORITY <u>II</u> CATEGORY <u>2544</u>	Repair kit, ITEM <u>life preserver</u> COST <u>6.50</u> PRIORITY <u>I</u> CATEGORY <u>2544</u>	ITEM <u>Graphnel 18"</u> COST <u>46.50</u> PRIORITY <u>I</u> CATEGORY <u>2544</u>
	ITEM <u>Sander, vibrator</u> COST <u>24.00</u> PRIORITY <u>II</u> CATEGORY <u>3144</u> Survey #CF-016-72	ITEM <u>Thermometer</u> COST <u>3.80</u> PRIORITY <u>II</u> CATEGORY <u>2544</u>	ITEM <u>Shampooer, polisher</u> COST <u>42.00</u> PRIORITY <u>II</u> CATEGORY <u>3144</u> Survey #CF-014-72	ITEM <u>Dayshape, Red ball</u> COST <u>30.80</u> PRIORITY <u>I</u> CATEGORY <u>2544</u>
	Pneumatic ITEM <u>Needle gun</u> COST <u>250.00</u> PRIORITY <u>II</u> CATEGORY <u>2544</u> Survey #CF-019-72	ITEM <u>Gauge, crankshaft</u> COST <u>50.47</u> PRIORITY <u>II</u> CATEGORY <u>2644</u>	ITEM <u>Vacuum cleaner</u> COST <u>88.00</u> PRIORITY <u>II</u> CATEGORY <u>3144</u> Survey #CF-020-72	ITEM <u>Dayshape, Black ball</u> COST <u>30.80</u> PRIORITY <u>I</u> CATEGORY <u>2544</u>

GENERAL EQUIPMENT / ALLOWANCE LIST REPLACEMENT

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	ITEM Toaster COST 48.00 PRIORITY II CATEGORY 2634 Survey #CF-026-72	ITEM Pump, Raw Watch Diesel COST 65.96 PRIORITY II CATEGORY 2635	Rope, ITEM Mooring line COST 30.21 PRIORITY II CATEGORY 2644 Survey #CF-024-72	ITEM Light, distress COST 20@ 4.81 = 96.20 PRIORITY I CATEGORY 2644
	ITEM Coffee Maker COST 11.95 PRIORITY II CATEGORY 2634 Survey #CF-027-72	Poloroid ITEM close-up lens COST 10.00 PRIORITY II CATEGORY 2544	ITEM Can opener COST 14.00 PRIORITY II CATEGORY 2634 Survey #CF-028-72	Life preserver, ITEM child's COST 5@ 10.50 = 52.50 PRIORITY I CATEGORY 2644
	ITEM Rope, Mooring COST 2@ 36.17 = 72.34 PRIORITY II CATEGORY 2644	ITEM Boatwains pipe COST 2@ 7.64 = 15.28 PRIORITY II CATEGORY 2544	ITEM Boots, Knee Pr. COST 6 @ 4.75 = 28.50 PRIORITY II CATEGORY 2644	Crankshaft ITEM P-60 Pump COST 37.50 PRIORITY I CATEGORY 2644

GENERAL EQUIPMENT / ALLOWANCE LIST REPLACEMENT

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	<p>ITEM <u>Chair, pedestal</u></p> <p>COST <u>64.00</u></p> <p>PRIORITY <u>III</u></p> <p>CATEGORY <u>2644</u></p> <p>Survey #CF-021-72</p>	<p>ITEM <u>Blankets, Wool</u></p> <p>COST <u>3 @ 7.30 = 21.90</u></p> <p>PRIORITY <u>II</u></p> <p>CATEGORY <u>2634</u></p>	<p>ITEM <u>Ball, Rescue</u></p> <p>COST <u>2 @ 3.80 = 7.60</u></p> <p>PRIORITY <u>II</u></p> <p>CATEGORY <u>2644</u></p>	<p>Light, filter, ITEM <u>Binocular</u></p> <p>COST <u>3 @ 8.90 = 26.70</u></p> <p>PRIORITY <u>II</u></p> <p>CATEGORY <u>2544</u></p>
	<p>ITEM <u>Mixer, Food</u></p> <p>COST <u>29.00</u></p> <p>PRIORITY <u>III</u></p> <p>CATEGORY <u>2634</u></p> <p>Survey #CF-030-72</p>	<p>ITEM <u>Doors, Screen</u></p> <p>COST <u>2 @ 20.00 = 40.00</u></p> <p>PRIORITY <u>III</u></p> <p>CATEGORY <u>2634</u></p>	<p>ITEM <u>Voltammeter</u></p> <p>COST <u>129.00</u></p> <p>PRIORITY <u>II</u></p> <p>CATEGORY <u>2635</u></p>	<p>Weight, ITEM <u>Sounding Cast</u></p> <p>COST <u>7.80</u></p> <p>PRIORITY <u>II</u></p> <p>CATEGORY <u>2635</u></p>
	<p>2 drawer ITEM <u>filing cabinet</u></p> <p>COST <u>39.14</u></p> <p>PRIORITY <u>III</u></p> <p>CATEGORY <u>2634</u></p>	<p>ITEM <u>Scale, weighing</u></p> <p>COST <u>9.64</u></p> <p>PRIORITY <u>III</u></p> <p>CATEGORY <u>2635</u></p>	<p>Tap set, ITEM <u>pipe threader</u></p> <p>COST <u>57.57</u></p> <p>PRIORITY <u>II</u></p> <p>CATEGORY <u>2635</u></p>	<p>Indicator, ITEM <u>Chase sequence</u></p> <p>COST <u>41.00</u></p> <p>PRIORITY <u>II</u></p> <p>CATEGORY <u>2635</u></p>

GENERAL EQUIPMENT / ALLOWANCE LIST REPLACEMENT

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	ITEM Screens, Hatch COST 2@ 15.00 = 30.00 PRIORITY III CATEGORY 2634	W.Q. Sta ITEM Billboard COST 40.00 PRIORITY II CATEGORY 2544	ITEM Bag, Mail carriers COST 20.90 PRIORITY II CATEGORY 2634
	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	Stool, ITEM Alum. Revol. COST 31.50 PRIORITY II CATEGORY 2544	Light, ITEM Marker distress COST 2 @ 7.81 = 15.62 PRIORITY II CATEGORY 2644
	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	ITEM Fan, wall COST 2@ 25.00 = 50.00 PRIORITY II CATEGORY 2635 Survey #CF-031-72	Sprayer, ITEM insecticide COST 8.54 PRIORITY II CATEGORY 2634

GENERAL EQUIPMENT / ALLOWANCE LIST REPLACEMENT

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	ITEM Clock 12 hr. 6" COST 72.84 PRIORITY III CATEGORY 2544 Survey #CF-012-72	ITEM Cannister, Sugar COST 6.90 PRIORITY II CATEGORY 2634
	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	Ladder, ITEM jacobs chain COST 35.00 PRIORITY III CATEGORY 2544	ITEM Knife, cooks COST 2 @ 4.69 = 9.38 PRIORITY II CATEGORY 2634
	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	ITEM Ratguards 7" COST 4@ 16.00 = 64.00 PRIORITY III CATEGORY 2544	ITEM Compass, Boat COST 159.00 PRIORITY II CATEGORY 2645

GENERAL EQUIPMENT / ALLOWANCE LIST REPLACEMENT

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	ITEM Chair, wo arms _____ COST 42.00 _____ PRIORITY III _____ CATEGORY 2544 _____	Book rack ITEM 2 shelves _____ COST 2 @ 30.00 = 60.00 _____ PRIORITY II _____ CATEGORY 2634 _____
	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	ITEM Wrench, chain stop _____ COST 2 @ 58.71 = 117.42 _____ PRIORITY II _____ CATEGORY 2544 _____
	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	ITEM Cord, Cotton Sash _____ COST 3 @ 15.40 = 46.20 _____ PRIORITY II _____ CATEGORY 2634 _____

GENERAL EQUIPMENT / ALLOWANCE LIST REPLACEMENT

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	ITEM <u>Apron, battery</u> COST <u>4.28</u> PRIORITY <u>III</u> CATEGORY <u>2634</u>
	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	ITEM <u>Filing cabinet top</u> COST <u>30.00</u> PRIORITY <u>III</u> CATEGORY <u>2634</u>
	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____	ITEM _____ COST _____ PRIORITY _____ CATEGORY _____

MAJOR WORK PROJECTS

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	<p>Replacement of M.E. Exhaust Stack Covers</p> <p>CSMP: CF-038-74</p> <p>COST 8.00</p> <p>CATEGORY 2635</p> <p>PRIORITY I</p>	<p>Replacement S/S 12V Battery</p> <p>CSMP: CF-047-74</p> <p>COST 60.00</p> <p>CATEGORY 2635</p> <p>PRIORITY I</p>	<p>Prepare and Repaint Exterior Hull from Gunnel to Waterline</p> <p>CSMP: CF-002-74</p> <p>COST 10.30</p> <p>CATEGORY 2634</p> <p>PRIORITY I</p>	<p>Prepare and Repaint Small Boat</p> <p>CSMP: CF-025-74</p> <p>COST 35.00</p> <p>CATEGORY 2645</p> <p>PRIORITY I</p>
	<p>Replacement of Brushes in SS Generator</p> <p>CSMP: CG-043-74</p> <p>COST 20.00</p> <p>CATEGORY 2635</p> <p>PRIORITY I</p>	<p>Raw Water Pump overhaul kit for main engine</p> <p>CSMP: CF-044-74</p> <p>COST 246.63</p> <p>CATEGORY 2635</p> <p>PRIORITY I</p>	<p>Prepare and Repaint non-skid main deck</p> <p>CSMP: CF-026-74</p> <p>COST 32.94</p> <p>CATEGORY 2634</p> <p>PRIORITY I</p>	<p>Prepare and Repaint Ship's Mast</p> <p>CSMP: CF-027-74</p> <p>COST 6.75</p> <p>CATEGORY 2634</p> <p>PRIORITY I</p>

MAJOR WORK PROJECTS

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	<p>Replacement of Crankshaft P-60 fire pump CSMP: CF-042-74 COST 46.00 CATEGORY 2635 PRIORITY I</p>	<p>Prepare and Repaint superstructure from main deck/to flying bridge COST 5.20 CATEGORY 2634 PRIORITY I</p>	<p>Prepare and Repaint wx decks pilot house CSMP: CF-023-74 COST 6.00 CATEGORY 2634 PRIORITY I</p>	<p>Prepare and Repaint wx decks pilot house CSMP: CF-024-74 COST 6.00 CATEGORY 2634 PRIORITY I</p>
	<p>Raw Water Pump overhaul kit for S/S generator CSMP: CF-040-74 COST 65.96 CATEGORY 2635 PRIORITY I</p>	<p>Paint Main Deck throughout CSMP: CF-020-74 COST 32.00 CATEGORY 2634 PRIORITY I</p>	<p>Repaint all spar colored appurtenances CSMP: CF-013-74 COST 29.70 CATEGORY 2634 PRIORITY I</p>	<p>Paint main deck throughout CSMP: CF-021-74 COST 32.00 CATEGORY 2634 PRIORITY I</p>

MAJOR WORK PROJECTS

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	<p>Prepare and repaint exterior hull from gunnel to waterline</p> <p>CSMP: CF-001-74</p> <p>COST 10.30</p> <p>CATEGORY 2536</p> <p>PRIORITY I</p>	<p>Prepare and Repaint CO's stateroom</p> <p>CSMP: CF-011-74</p> <p>COST 7.15</p> <p>CATEGORY 2634</p> <p>PRIORITY II</p>	<p>Prepare and repaint att stanchions aft</p> <p>CSMP: CF-046-74</p> <p>COST 5.00</p> <p>CATEGORY 2634</p> <p>PRIORITY I</p>	<p>Repaint crew's berthing fwd</p> <p>CSMP: CF-009-74</p> <p>COST 13.20</p> <p>CATEGORY 2634</p> <p>PRIORITY I</p>
	<p>Prepare and repaint wx decks of pilot house</p> <p>CSMP: CF-022-74</p> <p>COST 6.00</p> <p>CATEGORY 2634</p> <p>PRIORITY I</p>	<p>Prepare and repaint CPO/CO head</p> <p>CSMP: CF-006-72</p> <p>COST 2.60</p> <p>CATEGORY 2634</p> <p>PRIORITY II</p>	<p>Replacement of engine tachs and drive cables</p> <p>CSMP: CF-036-74</p> <p>COST 200.00</p> <p>CATEGORY 2635</p> <p>PRIORITY II</p>	<p>Prepare and Repaint CPO stateroom</p> <p>CSMP: CF-010-74</p> <p>COST 8.60</p> <p>CATEGORY 2637</p> <p>PRIORITY I</p>

MAJOR WORK PROJECTS

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Paint main deck throughout CSMP: CF-019-74 COST 32.00 CATEGORY 2634 PRIORITY I	Prepare and repaint crews head aft CSMP: CF-004-74 COST 3.40 CATEGORY 2634 PRIORITY II	Cleaning of heat exchangers CSMP: CF-041-74 COST 10.00 CATEGORY 2634 PRIORITY II	Prepare and Repaint chain locker CSMP: CF-016-74 COST 12.20 CATEGORY 2634 PRIORITY I
	Prepare and remark anchor chain CSMP: CF-028-74 COST 4.25 CATEGORY 2634 PRIORITY I	Prepare and repaint crews head forward CSMP: CF-005-74 COST 3.40 CATEGORY 2634 PRIORITY II	Paint out engine spare parts stores CSMP: CF-034-74 COST 5.20 CATEGORY 2634 PRIORITY II	Prepare and repaint PSSG way to Mess deck CSMP: CF-045-74 COST 3.15 CATEGORY 2634 PRIORITY I

MAJOR WORK PROJECTS

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	<p>Prepare and Repaint Mess deck</p> <p>CSMP: CF-013-74</p> <p>COST 13.10</p> <p>CATEGORY 2634</p> <p>PRIORITY I</p>	<p>Prepare and Repaint compt outside CO cabin</p> <p>COST 3.25</p> <p>CATEGORY 2634</p> <p>PRIORITY II</p>	<p>Paint out compt A-1-A</p> <p>CSMP: CF-037-74</p> <p>COST 6.00</p> <p>CATEGORY 2634</p> <p>PRIORITY II</p>	<p>Prepare and repaint ship's gangway</p> <p>CSMP: CF-032-74</p> <p>COST 2.50</p> <p>CATEGORY 2634</p> <p>PRIORITY I</p>
	<p>Prepare and repaint Pilot house interior</p> <p>CSMP: CF-014-74</p> <p>COST 4.10</p> <p>CATEGORY 2634</p> <p>PRIORITY I</p>	<p>COST</p> <p>CATEGORY</p> <p>PRIORITY</p>	<p>Prepare and repaint crew's berthing aft</p> <p>CSMP: CF-007-74</p> <p>COST 10.60</p> <p>CATEGORY 2634</p> <p>PRIORITY II</p>	<p>Replacement of engine tachs and drive cables</p> <p>CSMP: CF-036-74</p> <p>COST 200.00</p> <p>CATEGORY 2635</p> <p>PRIORITY II</p>

MAJOR WORK PROJECTS

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	<p>Prepare and repaint ship's office</p> <p>CSMP: CF-015-74</p> <p>COST 9.15</p> <p>CATEGORY 2634</p> <p>PRIORITY I</p>		<p>Prepare and repaint ship's galley</p> <p>CSMP: CF-008-74</p> <p>COST 7.45</p> <p>CATEGORY 2634</p> <p>PRIORITY II</p>	<p>Prepare and repaint lazarette</p> <p>CSMP: CF-017-72</p> <p>COST 7.30</p> <p>CATEGORY 2634</p> <p>PRIORITY II</p>
	<p>Make new eyes towing lines</p> <p>CSMP: CF-029-74</p> <p>COST 3.00</p> <p>CATEGORY 2634</p> <p>PRIORITY I</p>			<p>Prepare and repaint lower sound</p> <p>CSMP: CF-012-74</p> <p>COST 7.50</p> <p>CATEGORY 2634</p> <p>PRIORITY II</p>

MAJOR WORK PROJECTS

#	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Overhaul ships toilets (3) CSMP: CF-035-74 COST 23.50 CATEGORY 2635 PRIORITY II	COST CATEGORY PRIORITY	COST CATEGORY PRIORITY	COST CATEGORY PRIORITY
	Paint out engine room and all machinery CSMP: CF-033-74 COST 22.50 CATEGORY 2634 PRIORITY II	COST CATEGORY PRIORITY	COST CATEGORY PRIORITY	COST CATEGORY PRIORITY

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